Index

Abbreviations used in the index include:
CBT – Central Bank of Turkey
ECB – European Central Bank

accession countries, EU 233–53
capital inflows 233–53
fiscal sustainability 50–54
monetary policy shocks 108–12
real exchange rate determinants 236–41
see also individual countries
accession syndrome, Poland 191
accession to EU, see EU accession
ageing population, Poland 181–2
Aktas, Z. 146, 148
Alexius, A. 232
Alfonso, A. 68
Amsterdam Treaty 21
animal spirits 215, 217
acquis communautaire implementation, Turkey 306
asymmetric shocks eurozone 211–18
Poland 189–91
Atiyas, I. 60

balance of payments crises, Turkey 268–9
balance sheet structure changes, CBT 159–60
Balassa–Samuelson effect and inflation 219–23, 229
Poland 193–4
Balcerowicz Plan 175–6
band width, crawling band system, Turkey 284
bank reform
accession countries 305
and capital inflow management 248–9
Turkey 14–15, 323
Barro, R.J. 132

Baxter, M. 231
Begg, D. 85, 102
Behavioural Real Exchange Rate 237
Belgium, fiscal policy 307
Benczur, P. 109
Berument, H. 118, 127
binding constraints on growth 326–9
Turkey 327–9
Blanchard, O. 46, 143, 146
Blaszkiewicz, M. 193
Blöndal, J. 33
Bofinger, P. 193
Bohl, M.T. 94
Boldrin, M. 112, 113, 114
bond spreads, Turkey 320–21
break-even inflation 89
Broad Economic Policy Guidelines (BEPGs) 21
business cycles and currency unions 231
Buti, M. 46
Calvo, A.G. 68, 133
Canova, F. 99, 112, 113, 114
capital account transactions 286–7
Chile 286
capital inflows 233–53, 258–66
CEE countries 155–7
Chile 286
and current account sustainability 286–7
and exports 264–5
management strategies 247–51
and real exchange rate 236–41, 264
Romania 259–66
Turkey 155–9, 259–66
Cardiff Process 24
Central Bank of Turkey (CBT)
balance sheet structure changes 159–60
floating exchange rate system 137–8
independence 319–20
inflation targeting 137
inflation targets 76–7
law amendments 161–2, 319
monetary policy 146–7
sustainability programme 280–81
Central and Eastern European (CEE) countries
capital transactions 287
FDI 155–7
see also accession countries; individual countries
Chile, capital account transactions policy 286
Christofferssen, P.R. 186
Coeure, B. 46
Cologne Process 21
communication and the ECB 92–4
compression of the balance 242–5
constraints on growth 326–9
Turkey 327–9
convergence, impact on growth and stability 302–15; see also EU accession
coordination of economic policy, EU 18–25
Copenhagen Criteria 44
Corden, W.M. 285
Council of Economics and Finance Ministers, see ECOFIN
Cowan, K. 286
crawling band regime, Turkey 283–5
crawling peg regime, Turkey 283
credit rating and debt ratio 168–70
Turkey 172–3
currency unions and business cycles 231
current account deficit deterioration 149
and macroeconomic stability, Turkey 322–3
Romania 262
sustainability, Turkey 295–8
Turkey 262
current account sustainability, Turkey 268–88, 294–301

Czech Republic, effect of monetary policy shock 110–11
De Grauw, P. 226
De Gregorio, J. 286
De Haan, J. 93
debt
public sector, Turkey 72–4
reduction, Turkey 13–14
and tax revenue 170–72
debt ratio to GDP
and credit rating 168–70
EU 32–3, 36–7
EU new members 51–4
debt repudiation model 132–6
decentralisation, Turkey 64–5
Dedeoğlu, E. 60
deficit to GDP ratio, EU new members 51
Desruelle, D. 283
destabilization minimisation and euro adoption 245–6
devaluation and current account sustainability 282
Turkey 298–300
Dibooglu, S. 187
direct inflation targeting, Poland 185–89, 193–5
discretionary fiscal policy and EMU 33–6
disinflation process, Turkey 321
dollarization
measurement 150–51
reverse 150–55
dual target–one instrument policy 193
Dutz, M. 281
ECB, see European Central Bank
ECOFIN (Council of Economic and Finance Ministers) 19–20
and excessive deficit procedure 28–9
and Stability and Growth Pact 29–30
economic analysis pillar, ECB 94
Economic and Financial Committee (EFC) 20
economic growth, see growth
economic policy coordination, EU 19–25

economic reform
for growth 326
Turkey 11–17, 148–50
see also bank reform; fiscal policy reform; taxation reform

Edwards, S. 273, 286, 291
Égert, B. 193
Eichengreen, B. 172, 286, 290
Emerging Asia
capital inflow management 233–45
real exchange rate 236–45
Emerging Europe, see accession countries
Emil, F. 60, 63
Emir, O.E. 139
employment policies coordination, EU 21–4

EMU
and discretionary fiscal policy 33–6
and euro area enlargement 230–32
see also euro adoption; eurozone
equilibrium real exchange rate 330
Erden, C.M. 60
ERM and exchange rate fluctuation 221–3

EU
accession, see EU accession
budget and Poland 182–4
debt ratio 32–3, 36–7
economic policy coordination 18–25
subsidies, Turkey 69
sustainability of public finances 25–41
EU accession
economic impact, Poland 190–91
effect on fiscal policy 66–70
Turkey 66–9
impact on growth 115
experiences of CECs 112–14
and monetary policy, Turkey 147–62
Poland 174–97, 202–4
and Turkey 114–16, 123–7
EU-8, fiscal policy and accession 70
euro adoption 206–26, 228–32
and business cycles 231–2
effect on prices 103–5
Poland, monetary policy sequencing 191–7

process 229
stabilizing effect 245–6
success factors 206–11, 228–9
long-term success 206–10
short-term success 218–25
see also eurozone
euro area, see eurozone
Euro-12 Group 20–21
Eurobond spreads
as proxy for fiscal dominance 148
and Treasury bill rate 143–5
European Central Bank 79–105
communication 92–4
and inflation expectations 87–92
monetary policy strategy 84–7
two-pillar strategy 94–101
European Employment Pact 21
European Union, see EU
eurozone
asymmetric shocks 211–18
effects of enlargement 209–10, 217–18, 231–2
monetary policy shocks 105–8
and Turkey 116–18
and OCA criteria 208–10
excess deficits, EU countries 30–31
Excessive Deficit Procedure (EDP) 18–19, 27–9, 44
exchange rate evolution, Poland 185–6
exchange rate flexibility and capital inflow management 248
exchange rate fluctuation
and ERM 221–3
and inflation, Turkey 144–5
and interest rates 143–5
exchange rate instruments, Turkey 331–2
exchange rate policy for current account sustainability, Turkey 282–6
expenditure policies
and EU accession, Turkey 69
reform, Turkey 15–16
exports, impact of large capital flows 264–5
external debt and sustainability 266
Favero, C.A. 90, 143, 146
FDI, see foreign direct investment
financial intermediation, impact of large capital flows 265
financial sector development and impact of capital flows 265–6
financial sector reform, Turkey 14–15
fiscal adjustment for EU accession 32–3, 36–41
  Turkey 57–9, 77
fiscal consolidation
  and growth 41
  Poland 179–84
fiscal crisis, Turkey, causes 72–4
fiscal discipline
  and EU accession 67–9
  and market expectations 136
fiscal dominance
  and monetary policy 131–47, 166–7
  Turkey 136–48, 170–72
fiscal impulses, EU 34–6
fiscal institutions
  reform for EU convergence 313–14
  weaknesses, Turkey 59–62
fiscal policy
  and capital inflow management 250–51
  coordination, EU 18–25
  effects on performance 33–6
  and EMU 33–6
  EU 18–45
  and EU accession 66–70, 306–7, 310–15
  EU new members 50–54
  and macroeconomic stability, Turkey 322–3
  reform, Turkey 13–14, 62–5
  Turkey 55–70, 76–8
fiscal sustainability
  EU 25–41
  EU new members 50–54
  Turkey 57–65
flexibility as optimal currency area criterion 207–10
flexible exchange rate targeting 193
flexible inflation targeting 82–4
floating exchange rate system, Central Bank of Turkey 137–8
foreign direct investment (FDI)
  accession countries 305
  CEE countries 155–7
  and current account sustainability, Turkey 281
  and exchange rate stability, Turkey 246–7
  legislation, Turkey 291
  Romania 263–4
  Turkey 263–4, 318–19
  France, excess deficit 30–31

Gaiotti, E. 104
Gali, J. 85, 87, 88, 89
Germany
  excess deficit 30
  and US interest rates correlation 89–91
Giavazzi, F. 46, 143, 146
goal independence, CBT 161
Golinelli, R. 196
Goodhart, C. 104
Gordon, D.B. 132
governor dismissal, CBT 162
growth
  Romania 259–62
  Turkey 9–10, 259–62
growth-accounting approach 34
growth constraints 326–9
  Turkey 327–9
growth diagnostics 326–7
growth strategies 325–6
Hallerberg, M. 184
Harden, I.J. 279
Hausmann, R. 317, 326
headline (HICP) inflation, euro area 97
Hughes-Hallett, A. 34, 35, 41
Hungary
  capital inflow management 251
  effect of monetary policy shock 110–11
  Hürcan, Y. 60
IMF programme and capital inflow management 251
IMF stand-by arrangements, Turkey 268–9, 321
independence, CBT 161–2, 319–20
index of dollarization 150–51
inflation
  and euro changeover 103–5
Index

and Maastricht criteria 230

effect of monetary policy 145–7

inflation convergence and

Balassa–Samuelson effect 219–23

inflation expectations

and ECB 87–92

and flexible inflation targeting 82–3

Turkey 320

inflation fluctuations and ECB 96–101

inflation forecasting 99

inflation reduction

Poland 176

Turkey 12–13

inflation shock, EU accession, Poland 191

inflation targeting

Poland 186–9

transition economies 203–4

Turkey 137, 322

inflation targets

Central Bank of Turkey 76–7

euro 127

European Central Bank 86–7

institution development, accession countries 306

institutional reform and capital inflow management 248–9

instrument independence, CBT 161

integration as optimal currency area criterion 207–10

inter-agency teamwork, Turkey 78

interest rate policy, effect on inflation 145–7

interest rate shocks, euro area 106–8

interest rate targeting, Poland 186

interest rates

and capital inflow management 249–50

correlation, US and Germany 89–91

effects of macroeconomic news 139, 143

and exchange rate fluctuation 143–5

optimal, eurozone countries 214–15

international reserve build-up, Turkey 158–9

intertemporal budget constraint 25–7

investment–savings gap, Romania and Turkey 262–3

Italianer, A. 45

Jacquet, P. 20–21

Jansen, D.–J. 93

Jonas, J. 193

Kara, H. 145

Kim, B.Y. 236, 237

Kizıltas¸, E. 60

Koçenda, E. 51

Korhonen, I. 236, 237

Kouparitsas, M. 231

Kravis, I. 221

Krueger, A. 59

Kutan, A.M. 187

labour market coordination, EU 21–4

labour market reform, Turkey 16

labour productivity, Turkey, effect of EU membership 124, 126

legislation

central bank, Turkey 161–2, 319

FDI, Turkey 291

and fiscal reform, Turkey 62–4

linear inflation trajectory, Poland 188

Lippi, F. 104

Lipsey, R. 221

long-term interest rates, US and Germany 89–91

low-cost sterilization, Emerging Asia 235

Luxembourg Process 21–4, 45

Maastricht convergence criteria 218

and inflation 230

macroeconomic characteristics, Turkey 294

and EU accession 317–24, 325–32

instability 317–19

macroeconomic goals and structural reform, accession countries 304–7

macroeconomic news, effects on interest rates 139, 143

macroeconomic policy and EU accession, Poland 175–9

managed float regime 285

medium-term inflation fluctuations 96–101

Milesi-Ferretti, G. 275

Mishkin, F. 68, 102, 186

monetary analysis pillar, ECB 94

monetary convergence, Poland 184–91
monetary policy 81–105
ECB strategy 84–105
for euro adoption, Poland 191–7
and inflation 145–7
transmission of policy shocks 105–12
euro area 105–8
new EU members 108–12
to Turkey 116–18
monetary policy, Turkey 130–63, 166–73
and EU accession 112–18, 123–7, 147–62, 166–73
and fiscal dominance 131–48, 170–73
and growth 329–30
monetary targeting, Poland 186
Mundell, R. 206, 210–11
OECD Jobs Strategy 45
optimal currency areas (OCA) 206–11
optimal interest rates, eurozone countries 214–15
optimal public finances 27
Oral, S. 61
Orlowski, L.T. 194, 196
output fluctuations 101–3
output gaps 211, 214
Özatay Model 167–8
Pappa, P. 104
parity determination, crawling band system 283–4
pass-through effect, Turkey 145, 158
PEIR (Public Expenditure and Institutional Review) 59–60
perceived inflation, euro changeover 104
pillars, ECB 94–101
Pisani-Ferry, J. 21, 46
Poland
agricultural assistance from EU budget 183
Balassa–Samuelson effect 193–4
contributions to EU budget 182–4
de-coupling from Russia 189–90
economic impact of EU accession 190–91
EU accession 174–97, 202–4
macroeconomic stabilization policy and EU accession 175–9
monetary convergence 184–91
monetary policy sequencing for euro adoption 191–7
and monetary policy shock 110–11
transfers from EU budget 182–4
policy impulses transmission 105–12
euro area 105–8
new EU members 108–12
Turkey 116–18
Poole, W. 93
Pooled Mean Group estimator 254
portfolio investment relative to FDI 263–4
Portugal, fiscal policy and EU convergence 313
Pre-accession Economic Programme (PEP) 66, 314–15
price stability focus, ECB 84–5
prices
impact of euro changeover 103–5
impact of exchange rates, Turkey 145
primary deficit, Turkey 72–3
primary surplus, Turkey 77
private investment
Romania 262
Turkey 262, 299–300
public expenditure reform, Turkey 15–16, 78
Public Finance and Debt Management Law, Turkey 62–3
public finance reforms, Turkey 15–16
Public Financial Management and Control Law, Turkey 63–4
public sector debt, Turkey 72–4
reduction 311–12
and tax revenue 170–72
public sector investment, Romania and Turkey 262
public sector revenues and growth 37, 41
Rajaram, A. 71
rate of crawl, crawling band system 284
Razin, A. 275
real exchange rate
and capital inflows 239–47, 264
determinants, accession economies 236–41
influencing 331–2
Romania 264
Turkey 264, 269–73
real interest rates, Turkey 320
reform programme, see economic reform
Reinhart, C.M. 150–51, 279
relative inflation forecast targeting (RIFT) 194–5
Restructuring of Management of Public Finance and Financial Transparency, Committee on 59
reverse dollarization 150–55
CBT response 158–9
RIFT (relative inflation forecast targeting) 194–5
Romania
capital inflow management 247–51
economic indicators 259–62
impact of large capital flows 264–6
savings–investment gap 262–4
Rose, A. 231
Rovelli, R.R. 196
Salter–Swan model and real exchange rate equilibrium 330
Sargent, T. 163
savings–investment gap
Emerging Asia 233, 235
Emerging Europe 233, 235
Romania 262–4
Turkey 262–4, 273
savings rate as binding constraint on growth, Turkey 327–9
Sayın, Ş. 60
Schioppa, P. 20
Schnabl, G. 226
SEEs (State Economic Enterprises) and budget deficits 73–4
seignorage 25
SGP, see Stability and Growth Pact
short-term capital inflows regulation, Romania 248
Turkey 323
short-term debt and financial stability 275
short-term inflation fluctuations 96
Siklos, P.L. 94
social security deficits, Turkey 73–4
social security reform, Turkey 15, 78
Spain, fiscal policy and EU convergence 313
Stability and Growth Pact 29–32, 44
and fiscal discipline, Turkey 67 reform 31–2
stabilization policies 307–10
and EU accession, Poland 175–9
IMF assistance, Turkey 268–9, 321
stand-by arrangements, IMF 268–9, 321
sterilizing inflows 249
stock market development, Romania, Turkey 265–6
structural reform
and macroeconomic stability accession countries 304–7
Turkey 323
Turkey 14–16, 137
subsides, EU, Turkey 69
sustainability of current account,
Turkey 268–9, 273–9, 294–301
and capital account transactions 286–7
current account deficit 295–8
and exchange rate 282–6, 298–300
and FDI 281
policies 280–87
sustainability of public debt 163
sustainability of public finances, EU 18–19, 25–41
Svensson, L. 82
symmetry as optimal currency area criterion 207–10
Tansel, A. 278
tax revenue
debt ratio 170–72
and EU accession, Turkey 69
taxation
and EU accession, Poland 182
and growth 41, 310
reform, Turkey 77–8
TESEV (Turkish Economic and Social Studies Foundation) 60
tight monetary policy, euro area,
effects on Turkey 123–6
Togan, S. 278
transaction costs and euro changeover 103–4
transition economies and inflation targeting regimes 203–4
transmission of euro area monetary policy shocks 105–12 to Turkey 116–18
Treasury bill rates and Eurobond spread 143–5
Treaty on European Union (TEU), economic policy goals 18–19
Tristani, O. 90
Turkey
balance of payments crises 268–9
binding constraints on growth 327–9
capital account transactions 287
capital inflows 155–8, 252–3
current account sustainability, see current account sustainability
economic growth 9–10, 76, 259–62
economic indicators 259–62, 294–5
economic reform 11–17
EU membership effects 112–16, 123–7
EU subsidies 69
and euro area shocks 116–18, 119–20
fiscal crisis 72–4
fiscal institutions, weakness 59–62
fiscal policy 55–70, 76–9
and EU accession 66–70, 306–7, 310–15
GDP growth rate 290
IMF assistance 268–9, 321
labour productivity, effect of EU membership 124, 126
macroeconomic characteristics 294–5
macroeconomic instability 317–19
monetary policy, see monetary policy, Turkey
reverse dollarization 150–55
stabilization policies 307–10, 319–24
Turkish Economic and Social Studies Foundation (TESEV) 60
two pillar strategy, ECB 85, 94–101
Unremunerated Deposit Requirement (UDR), Chile 286
US and German interest rates correlation 89–91
van den Noord, P. 46
Van Rijckeghem, C. 56, 73
von Hagen, J. 35, 279
Waigel, T. 29
Wallace, N. 163
Washington Consensus 325
Wescott, R.S. 186
Wilhelmsen, B. 94
Williamson, J. 284, 291
Wollmershäuser, T. 193
Wyplosz, C. 45
Yilmaz, H. 60
Zaghini, A. 94
Zanello, A. 283