

# Preface

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The chapters in this edited volume report on the results of a three year international research project designed to evaluate the impacts of the inflation targeting approach to central banking which has swept the global economic landscape in the last decade or so. Moving beyond critique, though, our main motivation for this project has been to develop socially useful alternatives to inflation targeting. This task has become only more crucial over the years since we began the project, because, as we describe more fully in the following pages, we believe inflation targeting has largely had negative consequences for economic development, equality and poverty reduction, especially in the developing world, even as more and more countries adopt this flawed monetary policy regime. This has become especially apparent as a global financial crisis engulfs much of the world while many central banks have been slow to respond, partly due to their obsession with keeping commodity inflation in the low single digits.

In structuring the project, we have been anxious to avoid the one size fits all approach that underlies not only inflation targeting itself but also much of the policy approach of the neoliberal 'Washington Consensus' of which inflation targeting has become a key part. To that end, the authors of the country study chapters were tasked with designing concrete, country-specific alternatives to inflation targeting. In addition, other authors have written studies of long neglected themes in central banking, including the gender impacts and class aspects of monetary policy. While most of the chapters are historical and empirical in nature, a few lay out a basic macroeconomic modeling framework to help us understand the key issues at stake.

Initiated and directed by Gerald Epstein of the Political Economy Research Institute (PERI) and Economics Department of the University of Massachusetts and Erinc Yeldan of Bilkent University in Turkey, this 'Alternatives to Inflation Targeting project' has benefited from the numerous presentations and discussions we have had over these several years in various parts of the world with many economists, activists and practitioners. More generally, a multi-author, multi-country project such as ours requires many other things to be successful, including, first and foremost, creative, skilled and dedicated researchers, which we are fortunate to have found. The work of many of them appears in these pages.<sup>1</sup> In

addition it takes financial resources to mount a project such as this, and we thank the Ford Foundation, the Rockefeller Brothers Fund, the United Nations Department of Economic and Social Affairs (UN-DESA) and PERI for financial support. The project has also benefited from the help and encouragement of many people and we especially thank K.S. Jomo of UN-DESA, Manuel Montes and Michael Conroy previously of the Ford Foundation and Rockefeller Brothers Fund respectively, and Jo-Marie Greisgraber and Jamie Baker of New Rules for Global Finance. We are also grateful to Roberto Frenkel and CEDES for hosting an important project conference in Buenos Aires. Thanks are also due to our graduate students, Hasan Comert and Luis Rosero, who have contributed first rate research assistance, and to Judy Fogg of PERI who has provided untold, key support along the way. Finally, we are indebted to Alan Sturmer, Acquisitions Editor at Edward Elgar Publishing, for his help, support and encouragement along the way.

## NOTE

1. Many of these chapters appeared in shorter form in a Special Issue of the *International Review of Applied Economics (IRAE)*, March 2008: 'Inflation targeting, employment creation and economic development: assessing the impacts and policy alternatives'. Thanks very much to Malcolm Sawyer, editor of the *IRAE*, for his help with that issue and his cooperation with this book project as well.