

# Accepted Manuscript

## Re-evaluating the Effectiveness of Inflation Targeting

Omid M. Ardakani, N. Kundan Kishor, Suyong Song

PII: S0165-1889(18)30066-6  
DOI: [10.1016/j.jedc.2018.01.045](https://doi.org/10.1016/j.jedc.2018.01.045)  
Reference: DYNCON 3551

To appear in: *Journal of Economic Dynamics & Control*

Received date: 24 July 2017  
Revised date: 26 January 2018  
Accepted date: 29 January 2018

Please cite this article as: Omid M. Ardakani, N. Kundan Kishor, Suyong Song, Re-evaluating the Effectiveness of Inflation Targeting, *Journal of Economic Dynamics & Control* (2018), doi: [10.1016/j.jedc.2018.01.045](https://doi.org/10.1016/j.jedc.2018.01.045)



This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

# Re-evaluating the Effectiveness of Inflation Targeting

Omid M. Ardakani <sup>†</sup>   N. Kundan Kishor <sup>‡</sup>   Suyong Song <sup>§</sup>

## Abstract

This paper estimates the treatment effect of inflation targeting on macroeconomic variables using a semiparametric single index method by taking into account the model misspecification of parametric propensity scores. Our study uses a broader set of preconditions for inflation targeting and macroeconomic outcome variables than the existing literature. The results suggest no significant difference in the inflation level and inflation volatility between targeters and non-targeters after the adoption of inflation targeting. We find that inflation targeting reduces sacrifice ratio and interest rate volatility in the developed economies, and that it enhances fiscal discipline in both the industrial and developing countries.

**Keywords:** Inflation Targeting, Propensity Score, Treatment Effects, Single Index Model.

**JEL Classification:** C14, E4, E5.

---

<sup>†</sup>Department of Economics, Georgia Southern University, Savannah, GA 31419 (omid.ardakani@armstrong.edu)

<sup>‡</sup>Department of Economics, University of Wisconsin-Milwaukee, Milwaukee, WI 53211 (kishor@uwm.edu)

<sup>§</sup>Department of Economics, University of Iowa, Iowa City, IA 52242 (suyong-song@uiowa.edu)

Download English Version:

<https://daneshyari.com/en/article/7358677>

Download Persian Version:

<https://daneshyari.com/article/7358677>

[Daneshyari.com](https://daneshyari.com)