

What is New in Macroeconomic Policies for Development

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Abstract

Macroeconomic policy choices and priorities affect economic development and development performance. The predominant perception with respect to the better coping macroeconomic policies for development has transformed considerably throughout the years. After 1980s, macroeconomic stability became most dominant policy bias for economic policy decision makers and in the scholars' research agenda in all over the world. As proved by many researches macroeconomic stability could engage with a low level of inflation and it generates well-atmosphere for especially foreign investors that have enough self-esteem to invest in that economy. Because of high inflation can cause the depreciation in the currency of the country and break down the foreign investors' confidence to invest. On the other hand, there can be mainly three types of macroeconomic policy for development which is the key instruments for policymakers can outline the conduct and growth model in the country. Government and central bank can use open market tools to make money more expensive or less expensive for promoting the economic activity by influencing money and credit volume, promoting saving and price of the commodities through the monetary policy channels. Also choose of exchange rate policy can influence the export and import price of goods and services to encourage economic activities. In addition to these, governments can raise the level of market intervention by changing the tax level and spending volume of the public expenditure to promote economy for production and deliver crucial public goods and services to the people. Shortly, macroeconomic policy package and priority of policy tools can impact the well-being of whole population and development level of the economy. After 1990s effects of neoliberal wave in the new phase of globalisation, macroeconomic policies priority converted to promote to not development but economic growth and put in to the precedence macroeconomic stability into the agenda of the policy makers as an obsessive target. The effect of variations of macroeconomic policies can be helpful for some part and destructive for some other part of the population. The level of impact of the changes can be relatively different for some rather than other part even in for different lengths of time. This paper is a the first of the long term research for creating better macroeconomic policies for economic development in Turkey. In this part we are trying to figure out what is changed and what is new in macroeconomic policies for economic development after 1990s.

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