The Choice of Inflation Targeting Regimes for Inclusive Growth: Lessons from Southern Countries

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Abstract:
This study tries to shed light on whether the inflation targeting framework behaves as a growth enhancing strategy in some selected southern countries. The study also investigates the best choice of inflation targeting regimes. Using panel data regression model for a growth regression, we found that this monetary policy framework has a relatively significant positive effect on economic growth. This means that even in terms of economic growth, using inflation as a nominal anchor is a better framework to conduct monetary policy than using exchange rate or money aggregate. The results also revealed that among different types of inflation targeting frameworks,full-fledged can be the best choice for the selected southern countries.