Cost-push Inflation in Turkey: An Input-Output Analysis

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Turkish economy was plagued by high inflation rates from the early 1970s to the mid-2000s. High inflation in Turkey was generally attributed to macroeconomic factors such as public deficit and monetary policies and demand-pull factors. Cost-push inflation is also important and it is ignored in the analysis of inflation in Turkey. This paper examines cost-push inflation in Turkey from 1973 to 2002 and its sources using national input-output tables, which are converted into constant-price input-output tables, and a decomposition analysis. Sectoral contributions of cost-push inflation are also examined. The findings are interpreted in conjunction with the development trajectory of the country.