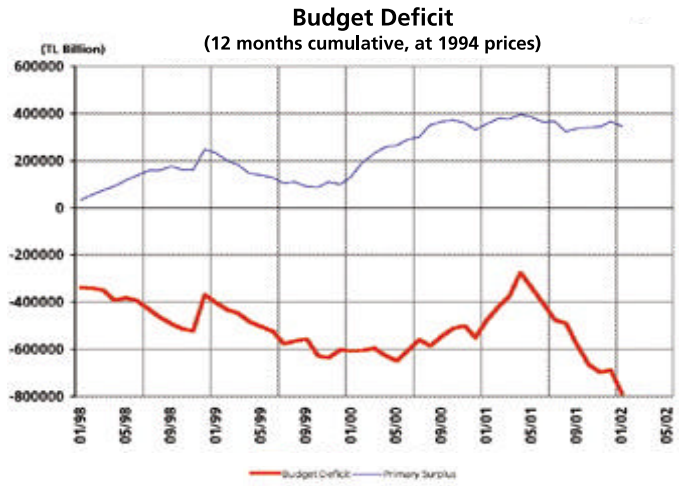
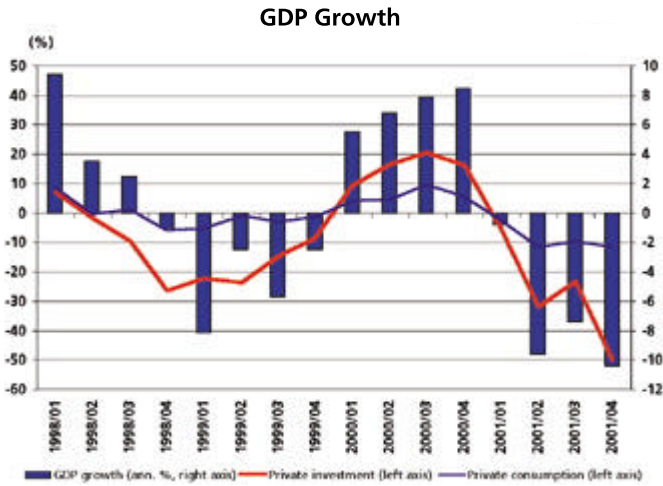


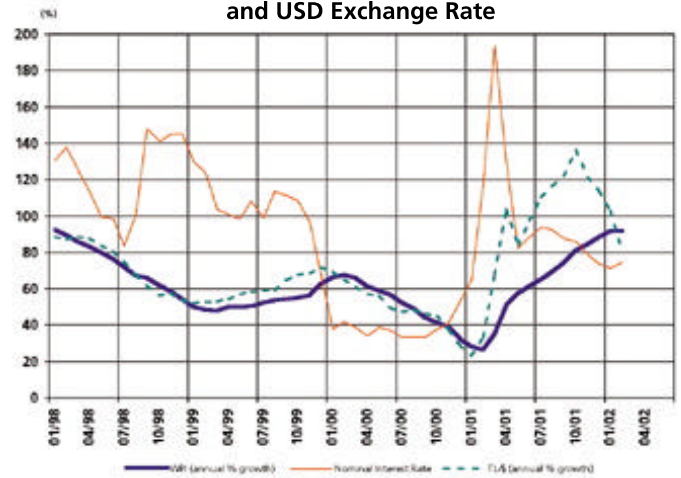
No growth, just a little hope

Ümit İzmen

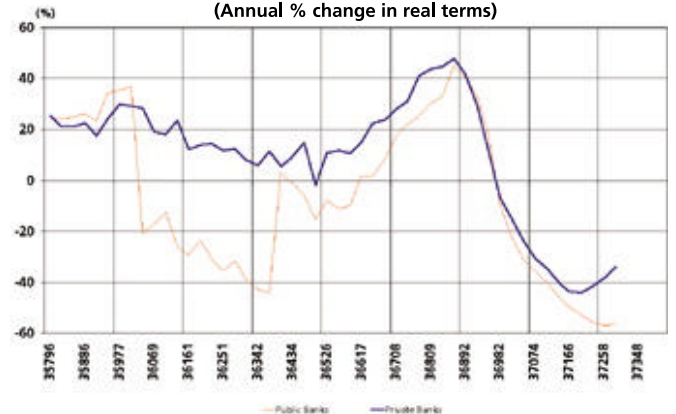


The year 2001 was marked by the severe crisis in February and the abandonment of the pegged exchange rate system, resulting in the deterioration of confidence, a sharp rise in interest rates, notable shrinkage in credits, erosion in real incomes and consequently 9.4 percent contraction in GNP. In view of the surge in the budget deficit triggered by the skyrocketing interest spending, and the pick-up in the public sector debt stock, a new three-year Stand-By agreement was secured with the IMF, loaded with a credit of \$16.4 million, which helped establish stability in the financial markets and paved the way for TL's appreciation. As for 2002, the government should stick to the reform agenda, crucial for preserving the recent downward pattern in inflation and achieving a sustainable growth path. In the meantime, the strengthened banking sector and the declining interest rates are expected to play a vital role in re-invigorating growth.

Inflation, Nominal Interest Rates and USD Exchange Rate



Deposit Banks Credits (Annual % change in real terms)



Ümit İzmen is the deputy secretary general of TUSIAD