

## **POLICY STANCE: A FUZZY LOGIC PERSPECTIVE**

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### **Abstract:**

Policy makers change the policy decisions depending on the conjuncture. They can implement either expansionary or contractionary monetary/fiscal policy. The stringency (or slackness) of the policies represents a policy stance. The policy stance also shows where they stand on a scale of a policy mix. Nevertheless, we can not be sure whether they are really standing on a point that they have declared or not. In other words, the policies implemented may not match the policy decision and policy stance declared. One can evaluate the monetary policy by means of binary logic. In this case the monetary policy must be tight or must be loose. Intermediate values are not allowed. On the other hand in fuzzy logic case, since it is a multi valued logic, which means it provides a scale to the researcher rather than strict valuations, monetary policy can be classified as highly tight, tight, moderate, loose and highly loose. So, in this other hand, tight monetary policy can be defined even strictly. In this paper it is analyzed the convenience of fuzzy logic with the identification of policy stance in theoretical perspective.

**Keywords:** Policy stance, Monetary policy, Fuzzy logic.

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