

# Endogenous Policy Announcement and Accountability for Inflation Target

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## Abstract

In this paper, I show that accountability for inflation target will improve social welfare when the central bank makes transparency-opaqueness choices endogenously. The key elements are uncertainty of the firms' informational quality, the opacity bias of constrained discretionary monetary policy under noisy information, and the role of unbeneficial noisy public information. Based on the qualitative and quantitative result, I present a policy recommendation as to policy announcements and inflation targeting regime.

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