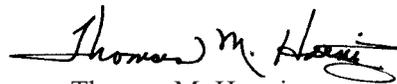


Foreword

After two decades of restoring price stability in the world economy, central banks face a new set of challenges in formulating and implementing monetary policy. Such challenges range from conducting monetary policy in a low-inflation environment to preserving global financial stability in the face of extreme asset price movements and increased contagion. Recent events highlight the importance of designing monetary policies and international monetary arrangements that not only achieve long-term goals but also take into account short-term objectives without damaging credibility.

To explore these issues, the Federal Reserve Bank of Kansas City sponsored a symposium, titled “New Challenges for Monetary Policy,” at Jackson Hole, Wyoming, on August 26-28, 1999. A distinguished group of central bankers, academics, and financial market representatives gathered to share their views on these important monetary policy issues.

We hope these proceedings provide insight regarding the challenges ahead for monetary policy. We appreciate the contributions of all those who participated in the symposium, including authors, discussants, panelists, and audience members. In that regard, special thanks go to the members of the Bank’s Research Division who helped develop the program.



Thomas M. Hoenig
President

Federal Reserve Bank of Kansas City