

# Preface

---

This book surveys the literature on the optimal conduct of monetary policy under uncertainty. It offers a broad perspective on policy choices in both a closed and an open economy framework. The literature we consider analyses policy choices within formal macroeconomic models. The analysis of optimal monetary policy questions within stochastic macroeconomic models was a very active research area in the late 1960s and 1970s. In the 1980s, and early 1990s, important work was done in the field but doubts arose about the microeconomic underpinnings of the models then in use. The last decade has seen a resurgence of interest in the field as models have been developed to remedy the perceived flaws in the earlier generation of models.

The Introduction lays out the specific features of our approach. We see the book as providing a bridge from the earlier to the current generation of models. As such, the book seeks to highlight the differences and commonalities of the alternative modeling frameworks. Our survey also provides a bridge for the non-specialist in the field and for students who want to get into the many articles in this burgeoning recent literature. We also hope that those working in the field will benefit from a broad-based survey. Certainly, writing the book has forced us to take a broader focus than in our previous research.

**R.T.F.**  
**A.V.G.**