
Foreword

Understanding how monetary policy is formed and implemented is of considerable importance to economists, market participants, students and, indeed, the general public. This edition of *U.S. Monetary Policy and Financial Markets* seeks to advance that understanding by providing a detailed look at Federal Reserve policy procedures. The book benefits from the extensive knowledge and experience of author Ann-Marie Meulendyke, a recently retired officer who worked nearly twenty-six years in the open market and research areas of the Bank. Ms. Meulendyke prepared her first version of this book in 1989 and has now made significant revisions.

This updated edition reflects recent changes in the approach to monetary policy by the United States. It begins with a historical review of monetary policy priorities and a discussion of the U.S. banking system and financial markets—the institutions that form the setting for policy. It then provides a comprehensive account of the steps involved in choosing and implementing monetary policy. The implications of policy decisions for the domestic and international economies are discussed in the closing chapters.

Designed to supplement monetary economics textbooks, *U.S. Monetary Policy and Financial Markets* will interest anyone who wishes to learn more about monetary policy and its effect on the marketplace. Earlier editions of the book have been widely read and consulted in the United States and abroad. We hope this updated version will prove useful to all readers, including central bankers in emerging market economies who are attempting to shift their monetary policy procedures from direct controls on bank credit and money to open market operations.

William J. McDonough
President
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