Editor's Note

This issue of the *Economic Quarterly* includes the Richmond Fed's 2003 *Annual Report* essay, written by Al Broaddus and Marvin Goodfriend. In this essay, the authors summarize and build on an approach to monetary policy that they have developed over many years working here at the Bank. In particular, they discuss how the knowledge gained through the process of reducing inflation can be applied to the new problem of sustaining price stability. Their approach draws on the new neoclassical synthesis, an analytical framework that emphasizes the decentralized price-setting of monopolistically competitive firms. To further illuminate this framework, this issue of the *Quarterly* reprints Goodfriend's primer on the subject. Also in this issue, Bob Hetzel's interpretation of how the Fed controls inflation is influenced by certain aspects of the new neoclassical synthesis but differs somewhat from that approach, and Yash Mehra examines alternative empirical specifications of a Phillips curve relationship for explaining inflation behavior.

—John A. Weinberg
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