Since the Bank of England was made independent in 1997, the conduct of monetary policy has been relatively uncontroversial. The debates between Keynesians, monetarists and supporters of fixed exchange rate mechanisms now appear very distant.

Despite the apparent consensus there are many issues related to the conduct of monetary policy that are not yet settled and which will soon come to the fore. Is the current form of independence for the Bank of England appropriate? Should a central bank target inflation or the prices level? How does a central bank deal with asset price deflation? Should more account be taken of monetary aggregates? Should central banks target asset prices? What is the relationship between the money supply and asset price inflation? How should central banks ensure financial stability?

The IEA was at the forefront of changing the parameters of the debate surrounding monetary policy in the 1970s and 1980s. This text, brings together some of the leading authors in the field, including the current Governor of the Bank of England, to discuss current issues in monetary policy and the relationship between monetary policy and financial markets. It is appropriate for undergraduates and postgraduates in economics and finance as well as for practitioners in financial markets.

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