



Monetary policy under uncertainty

Workshop held at the Reserve Bank of New Zealand
29-30 June 1998

Edited by Benjamin Hunt and Adrian Orr

RBNZ: Monetary Policy under uncertainty workshop

Copyright © 1999 Reserve Bank of New Zealand and individual authors.

First printing 1999.

Published by the Reserve Bank of New Zealand,
PO Box 2498, Wellington, NEW ZEALAND.

All rights reserved. Except for the purposes of fair review no part of this document may be reproduced by any means electronic or physical, without the express permission of the copyright holders.

1. Hunt, Benjamin
2. Orr, Adrian
3. John Taylor, Frank Smets, Luci Ellis, Peter Isard, Douglas Laxton, Julian Wright, Aaron Drew, Benjamin Hunt, Ralph C Bryant, Robert J Tetlow, Peter von zur Muehlen, Frederico S Finan, Robert Amano, Don Coletti, Tiff Macklem, Viv Hall, Hans Dillen, Jonny Nilsson, Andreas Fischer, Chris Salmon, Ben Martin, Geoffrey Schuetrim, Christopher Thompson, Arthur Grimes.

0-9583603-

ISBN 0-9583603-4-0

Contents

Editor's comments	1
John Taylors comments	6

Papers

Output gap uncertainty: Does it matter for the Taylor rule?

Frank Smets	10
Comments by Luci Ellis	30

Monetary policy with NAIRU uncertainty and endogenous credibility:

Perspectives on policy rules and the gains from experimentation and transparency

Peter Isard and Douglas Laxton	33
Comments by Julian Wright	66

The effects of potential output uncertainty on the performance of simple policy rules

Aaron Drew and Benjamin Hunt	73
Comments by Ralph C Bryant	103

Learning and the complexity of monetary policy rules

Robert J Tetlow, Peter von zur Muehlen and Frederico S Finan	113
Comments by Scott Roger	154

RBNZ: Monetary Policy under uncertainty workshop

Monetary rules when economic behaviour changes

Robert Amano, Don Coletti and Tiff Macklem 157

Comments by Viv Hall 201

Transparency, uncertainty and monetary policy

Hans Dillén and Jonny Nilsson 204

Comments by Andreas Fischer 223

Should uncertain monetary policymakers do less?

Chris Salmon and Ben Martin 226

Comments by Hans Dillén 257

The implications of uncertainty for monetary policy

Geoffrey Shuetrim and Christopher Thompson 259

Comments by Arthur Grimes 293