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hypothesis will strengthen—in turn undermining support for low inflation. Cogley and Sargent (2001) back up Taylor in cautioning policymakers to not be tempted by the mirage once again of the Phillips curve trade-off between inflation and unemployment.

The pragmatic response to the objective uncertainties in estimating NAIRU and the output gap has been for central banks to focus primarily on price stability (Mishkin, 2008a) and to communicate this paramount goal of monetary policy—and the chosen methods of pursuing that goal—as transparently and clearly as possible to the public.