Inside the Fed
Monetary Policy and Its Management, Martin through Greenspan to Bernanke

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Preface

This book is the outgrowth of an effort first begun mainly to make my family (in particular its second and third generations) and a few friends aware of the highlights of a long professional career in central banking and in other, often closely related areas of private and public finance. That effort turned into a long essay on diverse topics, but the essay did include a large section about the Federal Reserve System that focused on the Arthur Burns and Paul Volcker years there. Because of my position at that time, I was an active participant in history as money-supply disputes raged and the battle against the great inflation, as it is now called, was being waged. I thought of that section as a rather belated response to much earlier suggestions from the late Milton Friedman, and also at a later point Ben Friedman, that I write up my view of events in those years.

Although that early document was never quite completed, it generated useful and encouraging comments from several economists (including former colleagues here and abroad) and others with whom I shared it. A number of them, thought it should be revised with an eye toward publication. In time, the essay turned into a book-length document, more than half of which was taken up by a greatly expanded part on the Fed encompassing the half-century from William Martin’s day as chairman through Alan Greenspan’s tenure. The part on the Fed became the core of this book.

Important to this process were very valuable comments and insights from Bob Solow on the expanded draft on the Fed; his communications also provided a sense of appreciation that was quite reassuring. Dave Lindsey—a good friend and in earlier times a highly valued colleague
at the Board of Governors of the Federal Reserve System who retired as deputy director of its Division of Monetary Affairs in the latter part of Greenspan’s tenure—generously read with considerable care two full drafts of this book. The three anonymous reviewers for the MIT Press provided useful comments, one of which was lengthy and provided much food for thought. In addition, John Covell, senior editor at the Press, was instrumental in pushing me toward this particular book. Of course, I am responsible for all interpretations and any remaining errors of fact.

Finally, because this project started as an essay for my family, I dedicate the book to six marvelous grandchildren (in order of appearance, Ben, Mike, Lindsey, Matthew, Eric, and Clio), three great kids (Pete, Emily, and Rich), and, above all, my wife, Kathy, a real artist (readers of the book will understand the reference) and a cohesive force for us all.