

EDITOR'S NOTE

This issue of the *Cato Journal* features the papers from Cato's 30th Annual Monetary Conference—**Money, Markets, and Government: The Next 30 Years**—which was held in Washington on November 15, 2012. After 30 years, it is well to recall F. A. Hayek's advice: "All those who wish to stop the drift toward increasing government control should concentrate their effort on monetary policy."

The articles in this volume address the links between money, markets, and government, and how those links might evolve in the future. One path is to continue the present course and use discretionary central banks to monetize government debt, allocate credit, and distort interest rates. An alternative path is to limit the size and scope of government, adopt a rules-based monetary regime, and let free capital markets allocate credit. The choice of monetary and fiscal policy regimes will determine whether economic and social harmony will spontaneously emerge or government power will continue to grow.

By studying the past, one can learn how to avoid future crises. The financial crises in the United States and Europe, and the problems that face China as it internationalizes the renminbi, deserve close attention. Lessons can be learned that can help policymakers improve monetary institutions—if political barriers to real reform can be circumvented.

Some of the general topics covered in this issue include: (1) How the choice of monetary and fiscal policy regimes affects economic freedom and prosperity; (2) Policy steps needed to avoid future financial crises; (3) Lessons from the eurozone debt crisis; (4) Limits of monetary policy; and (5) China's path toward capital freedom.

This volume is dedicated to *Anna J. Schwartz*, who passed away on June 21, 2012, at age 96. Anna, one of the world's leading monetary economists, participated in many of Cato's monetary conferences, including the very first one in 1982. Her vast knowledge of monetary history and institutions, and her intellectual honesty, made her research indispensable for understanding alternative monetary regimes and their impact on financial and economic stability. She will be sorely missed, but her work will live on. I thank George Tavlas, an eminent monetary economist and historian, for writing a fine essay honoring Anna and outlining her outstanding contributions to the history of money and banking.

Finally, I thank all the authors for their cooperation in bringing this issue to fruition and Charles Hughes for his assistance in preparing the charts for publication.

—J. A. Dorn