

# STRATEGIES *for* MONETARY POLICY



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## About the Hoover Institution's Working Group on Economic Policy

The Working Group on Economic Policy brings together experts on economic and financial policy at the Hoover Institution to study key developments in the US and global economies, examine their interactions, and develop specific policy proposals.

For twenty-five years starting in the early 1980s, the US economy experienced an unprecedented economic boom. Economic expansions were stronger and longer than in the past. Recessions were shorter, shallower, and less frequent. GDP doubled and household net worth increased by 250 percent in real terms. Forty-seven million jobs were created.

This quarter-century boom strengthened as its length increased. Productivity growth surged by one full percentage point per year in the United States, creating an additional \$9 trillion of goods and services that would never have existed. And the long boom went global with emerging market countries from Asia to Latin America to Africa experiencing the enormous improvements in both economic growth and economic stability.

Economic policies that place greater reliance on the principles of free markets, price stability, and flexibility have been the key to these successes. Recently, however, several powerful new economic forces have begun to change the economic landscape, and these principles are being challenged with far-reaching implications for US economic policy, both domestic and international. A financial crisis flared up in 2007 and turned into a severe panic in 2008 leading to the Great Recession. How we interpret and react to these forces—and in particular whether proven policy principles prevail going forward—will determine whether strong economic growth and stability returns and again continues to spread and improve more people's lives or whether the economy stalls and stagnates.

Our Working Group organizes seminars and conferences, prepares policy papers and other publications, and serves as a resource for policy makers and interested members of the public.

**Working Group on Economic Policy—Associated Publications**

*Many of the writings associated with this working group have been published by the Hoover Institution Press or other publishers. Materials published to date, or in production, are listed below. Books that are part of the Working Group on Economic Policy's Resolution Project are marked with an asterisk.*

*Strategies for Monetary Policy*

Edited by John H. Cochrane and John B. Taylor

*Currencies, Capital, and Central Bank Balances*

Edited by John H. Cochrane, Kyle Palermo, and John B. Taylor

*The Structural Foundations of Monetary Policy*

Edited by Michael D. Bordo, John H. Cochrane, and Amit Seru

*Rules for International Monetary Stability: Past, Present, and Future*

Edited by Michael D. Bordo and John B. Taylor

*Central Bank Governance and Oversight Reform*

Edited by John H. Cochrane and John B. Taylor

*Inequality and Economic Policy: Essays in Honor of Gary Becker*

Edited by Tom Church, Chris Miller, and John B. Taylor

*Making Failure Feasible: How Bankruptcy Reform Can End "Too Big to Fail"*\*

Edited by Kenneth E. Scott, Thomas H. Jackson, and John B. Taylor

*Across the Great Divide: New Perspectives on the Financial Crisis*

Edited by Martin Neil Baily and John B. Taylor

*Bankruptcy Not Bailout: A Special Chapter 14*\*

Edited by Kenneth E. Scott and John B. Taylor

*Government Policies and the Delayed Economic Recovery*

Edited by Lee E. Ohanian, John B. Taylor, and Ian J. Wright

*Why Capitalism?*

Allan H. Meltzer

*First Principles: Five Keys to Restoring America's Prosperity*

John B. Taylor

*Ending Government Bailouts as We Know Them*\*

Edited by Kenneth E. Scott, George P. Shultz, and John B. Taylor

*How Big Banks Fail: And What to Do about It*\*

Darrell Duffie

*The Squam Lake Report: Fixing the Financial System*

Darrell Duffie et al.

*Getting Off Track: How Government Actions and Interventions Caused, Prolonged, and Worsened the Financial Crisis*

John B. Taylor

*The Road Ahead for the Fed*

Edited by John B. Taylor and John D. Ciorciari

*Putting Our House in Order: A Guide to Social Security and Health Care Reform*

George P. Shultz and John B. Shoven