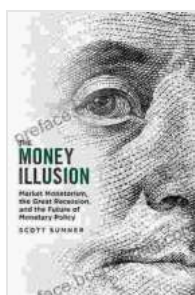


# Market Monetarism: The Great Recession and the Future of Monetary Policy

The Great Recession of 2008-2009 was the worst economic downturn since the Great Depression. It caused widespread job losses, foreclosures, and bankruptcies. The recession also led to a loss of faith in the ability of central banks to manage the economy.



## The Money Illusion: Market Monetarism, the Great Recession, and the Future of Monetary Policy

by Scott Sumner

★★★★☆ 4.5 out of 5

Language : English  
File size : 3827 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported  
Enhanced typesetting : Enabled  
Word Wise : Enabled  
Print length : 414 pages  
Lending : Enabled



In the wake of the Great Recession, there has been a growing interest in market monetarism. Market monetarism is a theory of monetary policy that emphasizes the role of the market in determining the money supply. Market monetarists believe that the central bank should target a specific growth rate for the money supply, and that this will lead to stable economic growth and low inflation.

This book provides a comprehensive overview of market monetarism. It discusses the theory behind market monetarism, the evidence in support of market monetarism, and the implications of market monetarism for the future of monetary policy.

## **The Theory of Market Monetarism**

Market monetarism is based on the belief that the market is the best way to determine the money supply. Market monetarists argue that the central bank should not try to control the money supply directly, but should instead target a specific growth rate for the money supply.

The theory of market monetarism is based on the following principles:

- The money supply is a key determinant of economic activity.
- The market is the best way to determine the money supply.
- The central bank should target a specific growth rate for the money supply.

## **The Evidence in Support of Market Monetarism**

There is a growing body of evidence in support of market monetarism. This evidence includes:

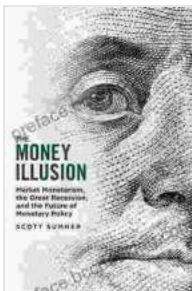
- Market monetarist policies have been successful in preventing financial crises.
- Market monetarist policies have led to stable economic growth and low inflation.
- Market monetarist policies are easy to implement and understand.

## The Implications of Market Monetarism for the Future of Monetary Policy

The implications of market monetarism for the future of monetary policy are significant. Market monetarism suggests that the central bank should focus on targeting a specific growth rate for the money supply, rather than trying to control interest rates or inflation directly. This approach is likely to lead to more stable economic growth and low inflation.

Market monetarism is a promising new approach to monetary policy. It has the potential to prevent future financial crises, promote economic growth, and reduce inflation.

The Great Recession was a wake-up call for central banks. It showed that the old ways of managing the economy are no longer effective. Market monetarism is a new approach to monetary policy that has the potential to prevent future financial crises, promote economic growth, and reduce inflation.



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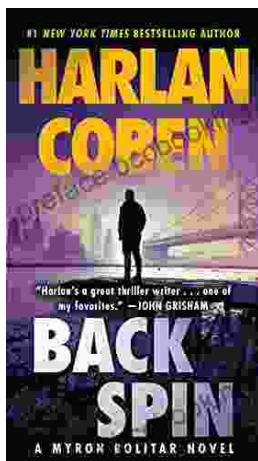
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