

U.S. Monetary Policy and the Financial Crisis

Abstract: This paper reviews U.S. Federal Reserve policy prior to and during the course of the recession that began in December 2007. It compares those policies to monetary policy during the Great Depression of the 1930s with which this recession has been likened. It then goes on to discuss what policymakers will need to do to in the future to avoid a surge in inflation and the difficulties which they are apt to face in implementing the necessary shift in policy.