



**FREE MARKET  
INSTITUTE**

TEXAS TECH  
Research & Innovation

## Political Economy Reading Program

# Monetary and Fiscal Policy

Participants explore debates surrounding the stability of market economies, the government's role in managing recessions and depressions, and the balance between democracy and technocracy. Key questions include:

- Is capitalism inherently prone to crisis?
- What actions, if any, can governments take to prevent business cycles?
- Should economic experts be subject to democratic oversight and constitutional limitations?

## Reading Schedule

### Session 1 – Clash of Economic Ideas I

- White, Lawrence H. (2012). “The Turn Away from Laissez-Faire.” In *The Clash of Economic Ideas: The Great Policy Debates and Experiments of the Last Hundred Years*. New York, NY: Cambridge University Press. 12-31.
- ——— (2012). “The Roaring Twenties and Austrian Business Cycle Theory.” 68-98.
- ——— (2012). “The Great Depression and Keynes’s *General Theory*.” 126-154.

### Session 2 – Clash of Economic Ideas II

- White, Lawrence H. (2012). “Bretton Woods and International Monetary Thought.” In *The Clash of Economic Ideas: The Great Policy Debates and Experiments of the Last Hundred Years*. New York, NY: Cambridge University Press. 275-305.
- ——— (2012). “The Great Inflation and Monetarism.” 306-331.
- ——— (2012). “From the Pleasant Deficit Spending to Unpleasant Sovereign Debt Crisis.” 382-412.

### Session 3 – Democracy in Deficit I

- Buchanan, James M. and Richard E. Wagner. (2000). “Part I: What Happened?” In *Democracy in Deficit: The Political Legacy of Lord Keynes*. The Collected Works of James M. Buchanan, Vol. 8. Carmel, IN: Liberty Fund, Inc. 1-76.

### Session 4 – Democracy in Deficit II

- Buchanan, James M. and Richard E. Wagner. (2000). “Part II: What Went Wrong?” In *Democracy in Deficit: The Political Legacy of Lord Keynes*. The Collected Works of James M. Buchanan, Vol. 8. Carmel, IN: Liberty Fund, Inc. 77-149.



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### Session 5 – The Money Illusion I

- Sumner, Scott. (2021). “Part I: The Value of Money.” In *The Money Illusion: Market Monetarism, the Great Recession, and the Future of Monetary Policy*. Chicago, IL: The University of Chicago Press. 19-91.

### Session 6 – The Money Illusion II

- Sumner, Scott. (2021). “Part II: The Dance of the Dollar.” In *The Money Illusion: Market Monetarism, the Great Recession, and the Future of Monetary Policy*. Chicago, IL: The University of Chicago Press. 93-131.
- ——— (2021). “The Musical-Chairs Model.” 135-154.
- ——— (2021). “What is Monetary Policy?” 155-172.

### Session 7 – The Money Illusion III

- Sumner, Scott. (2021). “I See Dead Patterns.” In *The Money Illusion: Market Monetarism, the Great Recession, and the Future of Monetary Policy*. Chicago, IL: The University of Chicago Press. 212-230.
- ——— (2021). “Good Economists Don’t Forecast, They Infer Market Forecasts.” 231-246.
- ——— (2021). “The Secret History of Monetary Policy.” 247-263.
- ——— (2021). “Fed Policy in 2008: A Case of Self-Induced Paralysis?” 267-275.
- ——— (2021). “A Confession of Contractionary Effect.” 276-284.

### Session 8 – Firefighters or Arsonists I

- Bernanke, Ben S., Timothy F. Geithner, and Henry M. Paulson. (2019). “Dry Tinder: The Roots of the Crisis.” In *Firefighting: The Financial Crisis and Its Lessons*. New York, NY: Penguin Books. 11-31.
- ——— (2019). “The First Flames: August 2007-March 2008.” 32-45.
- Boettke, Peter J., Alexander William Salter, and Daniel J. Smith (2021). “Knowledge Problems with Discretionary Monetary Policy.” In *Money and the Rule of Law: Generality and Predictability in Monetary Institutions*. New York, NY: Cambridge University Press. 22-57.



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### Session 9 – Firefighters or Arsonists II

- Bernanke, Ben S., Timothy F. Geithner, and Henry M. Paulson. (2019). “The Fire Spreads: March 2008-September 2008.” In *Firefighting: The Financial Crisis and Its Lessons*. New York, NY: Penguin Books. 46-60.
- ——— (2019). “The Inferno: September 2008-October 2008.” 61-83.
- Boettke, Peter J., Alexander William Salter, and Daniel J. Smith (2021). “Incentive Problems with Discretionary Central Banking.” In *Money and the Rule of Law: Generality and Predictability in Monetary Institutions*. New York, NY: Cambridge University Press. 58-93.
- ——— (2021). “When Firefighters are Arsonists.” 94-124.

### Session 10 – Conclusion: Firefighters or Arsonists III

- Bernanke, Ben S., Timothy F. Geithner, and Henry M. Paulson. (2019). “Dousing the Fire: October 2008-May 2009.” In *Firefighting: The Financial Crisis and Its Lessons*. New York, NY: Penguin Books. 84-108.
- ——— (2019). “The Fire Next Time.” 109-129.
- Boettke, Peter J., Alexander William Salter, and Daniel J. Smith (2021). “Money and the Rule of Law.” In *Money and the Rule of Law: Generality and Predictability in Monetary Institutions*. New York, NY: Cambridge University Press. 146-166.
- ——— (2021). “Conclusion: Money and Liberalism in the Twenty-First Century.” 167-184.