

The Politics of Monetary Policy
Discussion Questions for
Maestro: Greenspan's Fed and the American Boom
Bob Woodward, Touchstone Edition, Simon and Schuster, New York, 2001

1. Why does Woodward characterize Greenspan as someone who is “conducting the orchestra but does not play an instrument?”

Does Woodward believe that Greenspan has no direct way to affect the “music” of the US economy?

Who are the instrumentalists that Greenspan conducts and why would they follow the lead of “conductor” Greenspan?

2. According to Woodward, how important a role did the Fed play in avoiding an economic catastrophe:

After the “Black Monday” fall of stock prices on October 19, 1987?

After the Asian financial crisis in 1997-1998?

3. According to Woodward, is the Fed under Greenspan independent of political pressures?

What are the sources of political pressures that have faced and continue to face the Greenspan Fed?

What is the evidence for and against the proposition that the Fed operates independently of these pressures?

4. According to Woodward, is Greenspan:

An astute economist?

An able politician?

5. In your own view, how powerful is Alan Greenspan and how important is he to our economy today?