Reflections on Monetarism

Britain's Vain Search for a Successful Economic Strategy

Tim Congdon

Managing Director Lombard Street Research Ltd

Edward Elgar
Institute of Economic Affairs

Contents

List	of tables and figures	xi
Intro	duction	1
PAR	T ONE THE RISE OF BRITISH MONETARISM	
1.	Setting the agenda	13
	Money Supply Targeting vs Interest Rate Targeting From an article 'The money supply – more meaningful than interest rates as a policy goal' in The Times, 2 July 1975	14
	Money Supply Targets vs Fixed Exchange Rates From an article 'A conflict of objectives in the Government's monetary policy' in The Times, 19 January 1976	18
2.	Some key themes	22
	Price Stability and the 'Natural' Level of Unemployment Reprinted from an article of the same name in The Times, 22 January 1975	24
	Gradual Monetary Deceleration – A Theme in British Monetarism From an article 'Making headway through the gentle therapy of British monetarism' in The Times, 29 April 1975	27
	The Importance of Money in Macroeconomic Forecasting – Part 1 From an article 'A lesson from the Treasury on how to be precisely wrong' in The Times, 28 August 1975	30

viii Contents

	The Credit Boom and the Case for a More Independent Bank of England From an article 'Mr Lawson's secret inflation' in The Spectator, 27 June 1987	135
	Stop-Go Returns From an article 'The return of stop-go?' in The Times, 20 October 1987	140
	The Lawson Boom in the Light of the Crash From an article of the same name in Economic Affairs, February/March 1988	143
	Even the Housing Boom can Turn to Bust Reprinted from an article of the same name in The Spectator, 14 May 1988	150
7.	I told you so	154
	Quick, Quick, Slow, Stop-Go Reprinted from an article of the same name in The Times, 25 July 1988	155
	On Teenage Scribblers and Computerized Sheep From an article 'Scribblers in the stocks' in The Times, 27 September 1988	158
	The Lawson Boom: Not Quite as Bad as the Barber Boom From an article 'Will the Lawson boom cause as much inflation as the Barber boom?' in Economic Affairs, April/May 1989	160
	On Property Speculation and Business Entrepreneurship From an article 'Boxed in by the boom' in The Times, 25 October 1988	164
8.	Some initial theorizing	167
	Credit, Broad Money and Economic Activity Reprinted from a paper 'Credit, broad money and the economy' published in Reflections on Money (ed. D. Llewellyn)	171

Contents	iv
Comenis	17

	The Importance of Money in Macroeconomic Forecasting – Part 2 From an article 'A new and compleat economic model for the Chancellor' in The Spectator, 11 March 1989	191
PART	T THREE KEYNES AND BRITISH MONETARISM	
9.	Keynes and British monetarism	197
	Are We Really All Keynesians Now? From an article of the same name in Encounter, April 1975	197
	Keynes, British Monetarism and American Monetarism From a paper 'British and American monetarism compared' published in Keynes, Money and Monetarism (ed. R. Hill)	209
	The Exchange Rate in British Monetary Policy – or Where British Economics Went Wrong From an inaugural lecture at Cardiff Business School, November 1990	234
PAR?	T FOUR TWO PERIOD PIECES	
10.	Two period pieces	259
	The Intelligent Radical's Approach to the Balance of Payments Reprinted from an article 'A new approach to the balance of payments' in Lloyds Bank Review, October 1982	261
	Introducing the Concept of 'Equity Withdrawal' From a paper 'The coming boom in housing credit' written in 1982 for the stockbroking firm L. Messel & Co. with Paul Turnbull	274
Index	x	289