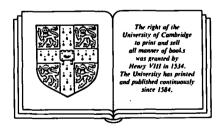
WORLD INFLATION SINCE 1950

An International Comparative Study

BY
A. J. BROWN

ASSISTED BY
JANE DARBY



CAMBRIDGE UNIVERSITY PRESS

CAMBRIDGE
LONDON NEW YORK NEW ROCHELLE
MELBOURNE SYDNEY

CONTENTS

ist of tables ist of charts Preface		page ix x xiii
, 5)		
ı	RECONNAISSANCE AND PLAN	I
	The record of inflation	I
	Consumers' prices and prices of traded goods: whole	_
	period	6
	Two sub-periods	8
	The high inflation countries	10
	The zero inflation countries	12
	The general setting	14
	Plan of the book	18
2	MONEY, VELOCITY, PRICE AND OUTPUT	22
	Prices	25
	Real income growth	33
	Nominal income growth	34
	Growth of money stock	34
	Velocities	36
	Money and nominal income	37
	Money and prices	41
	Other relations	43
a	OHANTITY_DDICE DELATIONS	4.5
3	QUANTITY—PRICE RELATIONS Aggregate supply and demand	45
	Integral and differential variables	45
	The courses of q and p	49
	Inflation and the deviation of output from trend	55 60
	Deviation from trend and the output elasticity of price	69
	'Basic' and 'cyclical' components of inflation	78 8 c
		85 88
	The variabilities of growth rate and of inflation	
	Conclusion	90

:Æ,

4	INFLATIONARY AND DISINFLATIONARY IMPULSES Inflationary and disinflationary episodes Inflationary impulses	92 92 93
	Disinflationary impulses	99
	Ambiguous cases	99
	Numbers of impulses	100
	The timing of impulses in relation to inflation	105
	Sequences and coincidences of impulses	106
	Major movements	110
	Conclusions	114
5	THE COURSE OF EXPECTATIONS	116
	Some theoretical considerations	116
	Survey data	- 1 18
	The Fisher effect	121
	Bonds and equities	122
	Short and long interest rates	124
	Conclusion	128
6	MONETARY IMPULSES	131
	Money and debt	131
	Demand and time deposits	133
	Interest as evidence	140
	Impulses and the interest indicators	145
	The 'confirmed' impulses	152
	The confirmed impulses and total money growth	159
	The determinants of the money supply	160
	Sources of monetary expansion and contraction	161
	Reserve money	163
	Monetary targeting	172
	Conclusion	175
7	EXPENDITURE-PULL	177
•	The crowding-out problem	177
	Monetary impulses and expenditure	180
	What kind of expenditure? The assessment of budgetary	- 0 -
	impulses	183
	The period as a whole	184
	Year-to-year budgetary changes	187
	The United States	191
	The United Kingdom	194
	Japan	196
	Germany	197

	Contents	vii
	France	197
	Italy	198
	Other OECD countries	199
	India	201
	Brazil	202
	Conclusions	203
8	WAGES AND THE LABOUR MARKET	205
	Introduction	205
	The atomistic labour market	206
	Collective bargaining	211
	Market forms	216
	Changes in wages and in unemployment	220
	The Phillips relation	226
	Lags, cycles and shifts	232
	Unemployment as a measure of excess supply	237
	Unemployment and vacancies	240
	Expectations	248
	Other influences	252
	Wage equations	253
	International wage equations	² 55
	Wage equations in the United States	260
	Wage equations in the United Kingdom	264
	Wage equations for Italy	267
	Wage equations and the 'Scandinavian' model	268
	Assessments of incomes policies	269
	Wage-push and factor shares	273
	Conclusions	275
9	WORLD MARKETS AND IMPORT PRICE-PUSH	277
	Inflation and exchange rate	277
	Money supply and international prices	282
	Manufactures, primary products and terms of trade	287
	Cereals and petroleum	292
	Import price-push	296
	Inflation of primary prices and its repercussions	302
10	PRICE FORMATION IN NATIONAL ECONOMIES	305
	Prices and wages	305
	Multi-country studies	307
	Price equations in the United States	309
	Price equations in the United Kingdom	316
	Japan	322

	West Germany	325
	France	327
	Italy	328
	Other countries	331
	Conclusions	333
ΙI	INFLATION, WELFARE AND GROWTH	336
	Effects in theory	336
	Effects in practice	340
	Inflation and distribution of income and wealth	342
	Inflation and income level	343
	Inflation and growth	347
	The secular boom and its collapse - factors other than	
	inflation	351
	The secular boom and its collapse - the part of inflation	358
	Inflation, unemployment and welfare	362
12	THE RECESSION OF THE EARLY 1980S	365
	A comparison	365
	The origins of the recession	367
	Recession and inflation	370
13	CONCLUSION	377
_	List of works cited	
Index		399