INFLATION - FINANCIAL AND DIRECT CONTROLS

by
Karl R. Bopp, Vice President
Federal Reserve Bank of Philadelphia
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1. Flow of money and the flow of goods and services
2. The spending units: Government - Business - Individuals
3. Size - Public versus private sector

<table>
<thead>
<tr>
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<th>2nd Quatr. 1952</th>
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</thead>
<tbody>
<tr>
<td><strong>Government</strong></td>
<td></td>
</tr>
<tr>
<td>(a) National defense</td>
<td>50</td>
</tr>
<tr>
<td>(b) Other, incl. local</td>
<td>28</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>49</td>
</tr>
<tr>
<td><strong>Consumption</strong></td>
<td>214</td>
</tr>
</tbody>
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4. Spending relative to receipts - tax structure

5. Over-all balance and relative prices
   (a) Profits and losses - success and failure
   (b) Effects of price on supply, on demand
   (c) Allocation of resources

6. Excess of over-all demand
   (a) Inflation - uncontrolled
       (1) Redistribution of wealth
       (2) Apparent prosperity
   (b) Direct controls
       (1) Deferred meeting of problem
           - accumulating purchasing power
       (2) Price ceiling
           - controlled essentials diverts
           sources of uncontrolled items
       (3) Rationing - sugar
       (4) Effects on use of real resources
       (5) Effects on our way of life

7. Financial controls
   (a) Fiscal policy
   (b) Monetary policy

Over-all tax structure

Fixed rate