

INFLATION - FINANCIAL AND DIRECT CONTROLS

by
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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

2nd Quar. 1952

Government

- | | |
|------------------------|----|
| (a) National defense | 50 |
| (b) Other, incl. local | 28 |

Investment 49

Consumption 214

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 Over-all tax structure
 - (b) Monetary policy Fixed rate