

MONETARY AND BANKING PROBLEMS OF THE RECOVERY

Conference of Business Economists
7:00 p.m., Thursday, November 20, 1958
Hotel Roosevelt, New York City

Dinner Meeting of the Conference of Business Economists held on Thursday evening, November 20, 1958, at 7:00 o'clock, Hotel Roosevelt, New York City.

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I. THE ENVIRONMENT IN WHICH MONETARY POLICY OPERATES.

A. Other areas of Public Policy.

1. Fiscal.
2. Debt management.
3. Welfare.
 - a. Housing.
 - b. Agriculture.
 - c. Depressed areas.
 - d. Industries.

If public wants these things when other private demands are insistent, it should pay for these!

B. Private activities.

1. Wage rates.
2. Pricing policies. Saving - investing.

C. Financial intermediaries.

II. FUTURE.

A. Is permanent inflation inevitable?

Two strong words.

1. Monetary policy and the 1920's.
2. Stagnation and the 1930's.

Logic of the pegs - 1948-49.
3. Inflation and the 50's.

Human phenomena.

B. Reasons for optimism.

1. Present developments in economy.

- a. Low pressure recovery.
- b. Capacity.
- c. Productivity -

Damage from rapid upturn in profits.

Not headed for vigorous boom to tax our economic capacity soon.

2. Conditions in finance.

True financial market reflects inflationary fears.

But individuals not fleeing from money to goods.

Nor are managements whose equities are being bought.

3. Monetary policy can do much.

Treasury finance.

Commercial banks as underwriters even when not
Tr. deposits - private.

4. Appropriate policy for various states.

The problem of anticipations.

The tone of the market.

Interest rates.

Availability of reserves.

Determination of policy.

Directors' meetings.
Federal Open Market Committee.
Board of Governors.