

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Analysis of Inflation: 1965–1974

Volume Author/Editor: Joel Popkin, ed.

Volume Publisher: NBER

Volume ISBN: 0-884-10477-X

Volume URL: <http://www.nber.org/books/popk77-1>

Publication Date: 1977

Chapter Title: Front matter to "Analysis of Inflation: 1965–1974"

Chapter Author: Joel Popkin

Chapter URL: <http://www.nber.org/chapters/c0987>

Chapter pages in book: (p. -12 - 0)

Analysis of
Inflation:
1965–1974

NATIONAL BUREAU OF ECONOMIC RESEARCH
Conference on Research in Income and Wealth

JOEL
POPKIN,
Editor

Analysis of Inflation: 1965–1974

Studies in Income and Wealth
Volume 42
by the Conference on Research
in Income and Wealth



Published for the
NATIONAL BUREAU OF
ECONOMIC RESEARCH, INC.
by
BALLINGER PUBLISHING COMPANY
A Subsidiary of J. B. Lippincott Company
Cambridge, Mass.
1977

Copyright © 1977 by the National Bureau of Economic Research, Inc.
All rights reserved.
Printed in the United States of America.

Library of Congress Cataloging in Publication Data

Conference on Price Behavior, Bethesda, Md., 1974.

Analysis of Inflation: 1965-1974

(Studies in income and wealth; v. 42)

The conference was held Nov. 21-23, 1974 in Bethesda, Md.

Includes index.

1. Inflation (Finance)—United States—Congresses.
 2. Inflation (Finance)—Congresses. 3. Wage-price policy—United States—Congresses. 4. Price—Mathematical models—Congresses.
- I. Popkin, Joel. II. National Bureau of Economic Research.
III. Series: Conference on Research in Income and Wealth. Studies in Income and Wealth; v. 42.

HC106.3.C714 vol. 42 [HG538] 330'.08s [332.4'1] 77-581
ISBN 0-87014-519-3

100-
.C714
v. 42

NATIONAL BUREAU OF ECONOMIC RESEARCH
OFFICERS

Arthur F. Burns, *Honorary Chairman*
James J. O'Leary, *Chairman*
Moses Abramovitz, *Vice Chairman*
Martin S. Feldstein, *President*
Victor R. Fuchs, *Vice President, Director,
Palo Alto Office*
Thomas D. Flynn, *Treasurer*
Charles E. McLure, Jr., *Executive Director for
Research*

Douglas H. Eldridge, *Executive Secretary*
Sam Parker, *Director of Finance and
Administration*
Edwin Kuh, *Director, Cambridge Computer
Research Center*
Robert E. Lipsey, *Director, New York Office*
Joel Popkin, *Director, Washington Office*

DIRECTORS AT LARGE

Atherton Bean, *International Multifoods
Corporation*
Andrew F. Brimmer, *Brimmer & Company, Inc.*
Otis F. Brubaker, *United Steelworkers of
America*
Arthur F. Burns, *Board of Governors of the
Federal Reserve System*
Wallace J. Campbell, *Foundation for Cooperative
Housing*
Emilio G. Collado, *Adela Investment Company,
S.A.*
Solomon Fabricant, *New York University*
Martin S. Feldstein, *Harvard University*
Eugene P. Foley, *Pan American Building, New
York*
Edward L. Ginzton, *Varian Associates*
David L. Grove, *International Business Machines
Corporation*

Walter W. Heller, *University of Minnesota*
Walter E. Hoadley, *Bank of America*
Roy E. Moor, *Becker Securities Corporation*
Geoffrey H. Moore, *National Bureau of
Economic Research*
J. Wilson Newman, *Dun & Bradstreet, Inc.*
James J. O'Leary, *United States Trust Company
of New York*
Rudolph A. Oswald, *American Federation of
Labor and Congress of Industrial
Organizations*
Peter C. Peterson, *Lehman Brothers*
Robert V. Roosa, *Brown Brothers Harriman & Co.*
Eli Shapiro, *The Travelers Corporation*
Arnold M. Soloway, *Jamaicaway Tower, Boston,
Massachusetts*
Lazare Teper, *International Ladies' Garment
Workers Union*

DIRECTORS BY UNIVERSITY APPOINTMENT

Moses Abramovitz, *Stanford*
Gardner Ackley, *Michigan*
Charles H. Berry, *Princeton*
Otto Eckstein, *Harvard*
Walter D. Fisher, *Northwestern*
John H. Kareken, *Minnesota*
J. C. LaForce, *California, Los Angeles*
Robert J. Lampman, *Wisconsin*

Maurice W. Lee, *North Carolina*
Daniel L. McFadden, *California, Berkeley*
Almarin Phillips, *Pennsylvania*
Lloyd G. Reynolds, *Yale*
Robert M. Solow, *Massachusetts Institute of
Technology*
Henri Theil, *Chicago*
William S. Vickrey, *Columbia*

DIRECTORS BY APPOINTMENT OF OTHER ORGANIZATIONS

Richard M. Bird, *Canadian Economics
Association*
Eugene A. Birnbaum, *American Management
Associations*
Carl F. Christ, *American Economic Association*
Robert G. Dederick, *National Association of
Business Economists*
Thomas D. Flynn, *American Institute of
Certified Public Accountants*
Franklin A. Lindsay, *Committee for Economic
Development*

Paul W. McCracken, *American Statistical
Association*
Douglass C. North, *Economic History
Association*
G. Edward Schuh, *American Agricultural
Economics Association*
James C. Van Home, *American Finance
Association*

DIRECTORS EMERITI

Percival F. Brundage
Frank W. Fetter
Gottfried Haberler

Albert J. Hettinger Jr.
George B. Roberts
Murray Shields
Boris Shishkin

Willard L. Thorp
Joseph H. Willits
Theodore O. Yntema

SENIOR RESEARCH STAFF

Gary S. Becker
Charlotte Boschan
Phillip Cagan
Stanley Diller
Solomon Fabricant
Martin S. Feldstein
Milton Friedman
Victor R. Fuchs
J. Royce Ginn

Raymond W. Goldsmith
Michael Gort
Michael Grossman
John F. Kain
John W. Kendrick
Irving B. Kravis
Anne O. Krueger
David T. Kresge
Edwin Kuh

William M. Landes
Robert E. Lipsey
Sherman J. Maisel
Benoit B. Mandelbrot
John R. Meyer
Robert T. Michael
Jacob Mincer
Ilse Mintz
Geoffrey H. Moore

M. Ishaq Nadiri
Joel Popkin
Richard Posner
Nancy Ruggles
Richard Ruggles
Anna J. Schwartz
Edward K. Smith
Robert J. Willis
Victor Zarnowitz

39362

*Relation of the National Bureau Directors to
Publications Reporting Conference Proceedings*

Since the present volume is a record of conference proceedings, it has been exempted from the rules governing submission of manuscripts to, and critical review by, the Board of Directors of the National Bureau.

*(Resolution adopted July 6, 1948,
as revised November 21, 1949,
and April 20, 1968)*

PREFATORY NOTE

This volume of *Studies in Income and Wealth* contains the papers presented at the Conference on Price Behavior, held on November 21-23, 1974, in Bethesda, Maryland. We are indebted to the Program Committee, consisting of Joel Popkin, who served as chairman and conference editor, and Ronald G. Bodkin, who assisted with the editing as well as planning; to Franklin Fisher for helpful suggestions at an early planning stage; to the National Science Foundation for its support; and to Ester Moskowitz for preparing the volume for press.

Executive Committee, 1976-1977

Clopper Almon, Chairman
Stanley Lebergott
J. A. Sawyer
Jack E. Triplett
Dorothy Walters
Burton A. Weisbrod
Allan H. Young
Joel Popkin, NBER representative
Mildred E. Courtney, Secretary

Funds for the economic research conference program of the National Bureau of Economic Research are supplied by the National Science Foundation.

Contents

Introduction	
Joel Popkin	1
1. A Monetary Interpretation of Inflation	
Leonall C. Andersen and Denis S. Karnosky	11
Comments by Gary Fromm	27
2. Econometrics of Inflation, 1965–1974: A Review of the Decade	
Lawrence R. Klein	35
Comments by Michael C. Lovell	64
3. An Appraisal of the Wage-Price Control Program	
Barry Bosworth and Wayne Vroman	67
Comments by Edgar L. Feige	113
4. Controls and Inflation: An Overview	
Marvin H. Kosters in association with J. Dawson Ahalt	121
Comments by R. A. Gordon	190
5. Price and Wage Behavior in the U.S. Aggregate Economy and in Manufacturing Industries	
M. Ishaq Nadiri and Veena Gupta	195
Comments by Samuel A. Morley	235
6. The Effects of Phases I, II, and III on Wages, Prices, and Profit Margins in the Manufacturing Sector of the United States	
Ahmad Al-Samarrie, John Kraft, and Blaine Roberts	241
Comments by Phillip Cagan	291
7. Measurement and Price Effects of Aggregate Supply Constraints	
Albert A. Hirsch	299
Comments by George L. Perry	330
8. A Technique for Analyzing and Decomposing Inflation	
William D. Nordhaus and John B. Shoven	333
Comments by Clopper Almon	356

9.	Survey Measures of Expected Inflation and Their Potential Usefulness	
	Paul Wachtel	361
	Comments by George de Menil	396
10.	The Impact on Econometric Models of the Present Treatment of Smog and Safety Devices in Economic Statistics: A Comment	
	Jack E. Triplett	403
11.	Canadian Experience with Recent Inflation as Viewed through CANDIDE	
	Ronald G. Bodkin, Francine Chabot-Plante, and Munir A. Sheikh	409
	Comments by D. J. Daly	442
12.	Price Linkage in an Interdependent World Economy: Price Responses to Exchange Rate and Activity Changes	
	Sung Y. Kwack	447
	Comments by John Helliwell	477
	Index of Authors	485

Analysis of
Inflation:
1965–1974

