## Index

Titles of publications are in italics.
above the line budget balancing 86,97 , 112-13
above-trend growth 211
accelerationist hypothesis (Friedman) 272
Adams, C. 23, 104
After the Budget: A Reply to Tim Congdon (Nickell) 218-24
Allsopp, C. 156
American monetarism 4, 146-7
compared with British monetarism $150-69$
and fiscal policy 156
and monetary base 150-51
and monetary impacts on economy 157
and trade unions 158-9
American monetary policy 67
Arestis, P. 279
Arguments for Socialism (Benn) 249
Artis, M.J. 255
asset ownership, UK 285-7
asset prices
and financial sector money 287-93, 293-4
Heath-Barber boom 295-8
influence on spending 292
Lawson boom 300-301
and money supply growth 195
asset transactions 1980186
Atkinson, Frederick 92
Bacon, R. 144
balanced budget principle 95, 112-13, 117-18
Ball, R.J. 16, 171-2, 182, 198
Balogh, Thomas 34
Bank of England
Inflation Reports 268-9
and transmission mechanism 284
bank-rate policy 13, 153-4
Bank rate tradition 13, 20
Barber, Anthony 89
Barber boom 68, 89-90
bargaining power and income distribution 134-5
Battle of the Radio Stations 156
Beckerman, W. 16, 66
Benn, Tony 249
Bernanke, B. 197
Black Wednesday 262
Blair government, fiscal rules 119-22
Blinder, A. 16
boom-bust cycles 55-6, 73, 256-7
Bredenkamp, H. 105
Bridges, E.E.B. 82
Britain's Economic Renaissance
(Walters) 71, 164, 166
British Budgetary System, The (Brittain) 85-6, 120
British monetarism 4-5, 147-50
compared with American
monetarism 150-69
Brittain, H. 85-6, 120-21
Brittan, S. 9, 87, 139, 168
Britton, A. 103
broad money growth $8,240,321$
and asset prices 308-9
broad money targets 68-9, 329 abandonment, Britain 161-5, 321
Brown, Gordon 119
Brunner, K. 156
Budd, A. 18, 92, 172, 262, 263, 268, 273
budget balancing above the line 86,97 , 112-13
budget deficit 5-6, 86, 97-8 effect on private investment 177-80
'Budget of 1981 was over the top, The' (Nickell) 206-10

Budgets, UK
194183
195084
1979207
1980 93, 250
1981 6-7, 181-96, 222-4, 250
198494
1988 117-18
letter to The Times following 1981
Budget 7, 69-70, 176, 193-4, 210, 250, 257-8
reaction to 1981 Budget 206-29
Bundesbank 9
Burk, K. 6
Burns, T. 92, 95, 160, 171-2, 198, 326
Cairncross, A. 6
Cambridge Economic Policy Group 66
Cambridge Keynesians 127-8
capital expenditure, influence of asset prices 292
Central Economic Information Service 83
Chamberlain, Austen 42-3
Chicago School monetarism, see American monetarism
choice, role of money 132-3
Chrystal, D. 313
circular flow of incomes and expenditure 182-4
Clarida, R. 19, 20
classical dichotomy 131
closed circuit of payments theory 308

## Coe, T. 104

Comprehensive Spending Review, White Paper on 120
Conditions for Faster Growth 65
Congdon, T. 15, 18, 22, 197-8, 314
and Lombard Street Research 316-26
and output gap 21-7, 225-7
replies to S. Nickell 210-17, 225-9
Conservative government 250-51, 235-42; see also Major government; Thatcher government
Conservative Party and monetarism 260-61
corporate equity holdings 285-7
corporate liquidity ratio $320,323-5$
and private sector demand 328-9
corporatism and monetarism 236-7 corset abolition 161
cost-push inflation 34-7
countervailing power 35
credit counterparts 148
Cripps, Stafford 84
Crisis in Keynesian Economics, The (Hicks) 37
Crosland, C.A.R. 270
crowding out 138, 177-80
currency holdings, life assurance and pension funds 306
cyclical fluctuations 55-6; see also Barber boom; Healey boomlet; Lawson boom
cyclically adjusted PSFD/GDP ratio 199-200
and output gap 99, 109-11
Davies, G. 26
demand
and fiscal policy 190, 200-205
private sector and corporate
liquidity $328-9$
trends 188, 211-12, 228
Denham, A. 243
Deutschmark shadowing 165-6
discretionary fiscal policy 181
domestic credit expansion (DCE) 88, 114
domestic demand, see demand
Dornbusch, R. 54
Dow, J.C.R. 81, 83, 85, 87-8, 182, 185, 193
Downing Street Years, The (Thatcher) 243

Economic Advisory Council 82-3
Economic Consequences of Mr. Churchill, The (Keynes) 47, 48
Economic Consequences of the Peace, The (Keynes) 38
economic market 140
Economic Review (Morgan Grenfell) 179
Economics and Policy (Winch) 113
elasticity pessimism 196-7
Elementary Principles of Economics (Fisher) 282
Eltis, W. 144
employment and Keynesianism 237
Employment Policy White Paper 83-4
EMS, see European Monetary system equilibrium rate of unemployment 213-17
equity holdings, financial institutions 285-7
Ericsson, N.R. 199
ERM (Exchange Rate Mechanism) and the pound $10,74,169,241$, 262
Essays in Fiscal and Monetary Policy (Artis and Miller) 92
European Monetary system (EMS) 9
UK membership 10, 166, 240
excess supply of money, effects on asset prices 290
exchange rate flexibility $115,160-61$
Exchange Rate Mechanism (ERM) and the pound $10,74,169,241$, 262
exchange rate regimes 159-61 and Keynesianism 9-10
exchange rates
Deutschmark, and monetary policy 72
dollar, and monetary policy 67
and interest rates 63-4
Fama, E. 17
Federal Reserve System 153-4
Fenton, P.R. 23
Financial Analysis (Congdon) 318
financial circulation 184
financial deregulation 254
financial instability measurement 264
financial institutions, equity holdings 285-7
financial sector money and asset prices 287, 289-93, 293-4
Heath-Barber boom 294-8
Lawson boom 298-300
financial sector money holdings 286-7
fiscal policy
American monetarism 156
British monetarism 155-6
for demand management 247
and domestic demand 190, 200-205
and Keynesianism 2, 88-90, 112-15, 237-8
and medium-term stability 251-2
monetarist criticism of 12
post-war 84, 86-8
social and political implications 247
Fiscal Policy in Seven Countries
1955-65 (Hansen) 87
Fiscal Revolution in America, The
(Stein) 81, 85
fiscal targets, MTFS 93
Fischer, S. 54
Fisher, I. 59, 168, 281-2
floating exchange rates $115,160-61$
forecasters' droop 73
Forsyth, J. 179
Frank, R. 197
freedom and money 132-3
Friedman, M. 4, 72, 132, 141-2, 246, 317
and exchange rate flexibility $160-61$
on Keynes 132
and monetary base control 150, 152, 153
and monetary impact on economy 157
money and national income 246
money supply rule 139
natural rate of unemployment 14 , 213, 272, 274
and political and economic markets 139-40
and PSBR targets 94, 156
and trade unions 158-9
and transmission mechanism 283, 284
unemployment and inflation 248, 271-2
full employment and Keynesianism 237
Future of Socialism, The (Crosland) 270

Gali, J. 19, 20
Garnett, M. 243
general equilibrium 319
general price level 59
General Theory of Employment,
Interest and Money (Keynes) 2,
49-53, 55, 64, 128
and central banks 154
discretionary fiscal policy 181
income and expenditure model 129
inflation 39, 129
money and inflation 157-8
and New Keynesianism 13
socialisation of investment 247, 270
wage units 36
Gertler, M. 19, 20
Godley, W. 270
gold standard 47-8, 57-8, 61
golden rule 119, 120
'Goodbye, Great Britain': The 1976 IMF Crisis (Burk and Cairncross) 6
Goodhart, C.A.E. 247
goods and services market, effect of asset prices 292
government employment 137
government money holdings 136
Green Paper on Monetary Control 68-9, 147, 148, 152
Green Paper on The Next Ten Years: Public Expenditure and Taxation into the 1990s 94
Griffiths, B. 152
growth trends 1981-86 225-7
Hahn, F. 7, 69, 192, 198
Hansen, B. 87
Harrod, R. 35, 37
Hawtrey, R. 17
Hayek, F. 133
Healey, Denis 68, 90, 159
Healey boomlet 321
Heath-Barber boom 257, 294-8, 321
Henderson, R.F. 143
Hendry, D. 199
Hicks, J. 37, 50, 72, 193, 317
High Price of Bullion, a Proof of the Depreciation of Bank Notes, The (Ricardo) 59
housing market and interest rates 194
How to Pay for the War (Keynes) 38
Howe, Geoffrey 69, 92, 149, 159, 240, 250

IMF support for Britain 88-9, 114-15, 155-6
income and quantity of money 293
income-expenditure models 129, 130
incomes policy $2,4-5,35-6,236$, 246-7, 251
and Keynesians 4
and monetarists 4-5, 134, 135-6
individual agents, circular flow of incomes and expenditure 183
industrial circulation 184
inflation
and Keynes 33-4, 39-41, 42-3
as measure of financial instability 264
and monetary growth 156-7, 236
as monetary phenomenon 40, 248
and output level 272-3
and paper money 59-60
reduction, Thatcher government 207-9
stability since 1992266
targets 10-11, 11-12, 266, 271
and unemployment rate 272
Inflation Reports, Bank of England 268-9
Inquiry into the Nature and Effects of the Paper Credit of Great Britain, $A n$ (Thornton) 60
institutional liquidity ratio 320,325
institutions
and economic forces 40
and macroeconomic stability 268-9
inter-generational equity 121
'interest-inelasticity of investment' 2
interest rates
as cause of 1980 recession 188, 190
and housing market 194
as monetary variable 41-2
Old and New Keynesianism 13
post-war period 266-7
IS-LM model 193, 317
Jackman, R. 213
Jay, P. 16, 68
Johnson, C. 143
Johnson, H. 159
Joseph, Keith 144
Kaldor, N. 204, 293, 301-4
Kay, J. 15
Keith Joseph (Denham and Garnett) 243
Keynes, J.M. 2
and central bank techniques 153-4 discretionary fiscal policy 181-2
and the Economic Advisory Council 82
and exchange rates 159,161
and inflation 33-4, 37, 39-41, 42-3, 157-8
and Irving Fisher 281-2
managed currency proposal 61-3, 159
and monetary policy 168
and money 128, 284
money and prices 157-8
opposition to gold standard 61
publications $46-53$
and social fairness 38
socialisation of investment 138, 247, 270
see also General Theory of
Employment, Interest and Money; Tract on Monetary Reform, A; Treatise on Money
Keynes: Aspects of the Man and his Work (Moggridge) 34, 35
Keynesian dichotomy 130-31
Keynesian revolution 55, 81-101
Keynesianism
goals 141
and monetarism 237-8
and public sector expansion 137
and UK policy 89-90
and UK stability 269-71
Keynesians 33-43
and cost-push inflation 346
and fiscal policy 117
and incomes policy 4, 134-5
King, M. 19
Labour government, fiscal rules 119-22
Labour Government's Economic Record: 1964-70 (Beckerman) 16, 66
labour movement, Keynes's attitude 38; see also trade unions
lags, monetary growth and inflation 157
Laidler, D. 160, 171, 311
Lamont, Norman 10, 271
Larsen, F. 23
Lawson, Nigel 8, $94-5,146,166,240$, 243, 326
abandonment of monetarism 167-8
and balanced budget 117-18
and EMS 166, 240
scrapping broad money targets 8 , 165, 271, 321
Lawson boom 73-4, 117, 240, 257
Layard, R. 213
Leigh-Pemberton, R. 256
Leijonhufvud, A. 16, 44
letter to The Times following 1981

$$
\text { Budget } 7,69-70,193-4,210,250,
$$ 257-8

Lewis, M.K. 255
liquid assets, financial sector 287
liquidity trap 2, 49
Little, I. 84-5
Liverpool Research Group 163
Lombard Street Research 316-17, 322
London Business School 160
M0 narrow money measure 70-71, 165, 305-6, 319-20
macroeconomic instability measurement of 263-5
macroeconomic stability since 1994, reasons for 262-74 since 2002276
Major government and ERM 241
Major Recessions: Britain and the World 1920-95 (Dow) 182, 193
Making of Index Numbers, The (Fisher) 59
managed currency 48, 61-3, 149, 159
Management of the British Economy 1945-60, The (Dow) 81, 85, 87-8
Martin, J. 22
Matthews, R.C.O. 87, 114
Mayer, T. 126, 150, 152, 157, 245, 250, 251, 255, 256, 257
Medium Term Financial Strategy (MTFS) 6, 92-3, 116, 149, 155, 186-7, 250, 251-2
Meiselman, D. 284
Memorandum on Monetary Policy 147
Middleton, P. 155, 326
Minford, P. 8, 71, 72, 152, 163 4, 245, 250, 251, 255, 256, 257, 293-4, 304-7
Mizen, P. 313
Moggridge, D. 138
monetarism 91, 245-58
abandonment by Lawson 167-8
American, see American monetarism
British 4-5, 147-69
and Conservative government 116, 235-6
and the Conservative Party 260-61
and corporatism 236-7
and exchange rate regimes 160-61
and incomes policy 4-5, 135-6
and Keynesianism 237-8, 246
and macroeconomic stability 271-3
political economy of 127-43
social and political consequences 249
Monetarism: An Essay in Definition (Congdon) 5
'Monetarism: a retrospective' (Mayer and Minford) 245
monetary base control $8,150-51$, 152-3
Monetary Control Green Paper 68-9, 147, 148, 152
Monetary Economics: Policy and Its Theoretical Basis (Bain and Howells) 255
monetary growth and inflation 236
monetary growth targets 70, 90-91, 147-9, 239, 253-4
monetary policy
American, influence on British monetary policy 67
conduct 252-3
credit counterparts 148
in depression 40-41
development of 60
and fiscal policy 91-2
and Keynes 61-5
post-war 63-7
Monetary Policy, Memorandum on 147
monetary targets 70, 149
monetary theory of interest rate determination 52-3
money
in asset markets 289-93
and asset prices 281-3, 294-310
and the economy 281-310, 316-26
and inflation 1568
as instrument of choice 132-3
as standard of value 133
see also transmission mechanism
money growth
and asset prices 294-310
and inflation 156-7
money holdings
government 136
private sector 286-7
Money, Interest and Prices (Patinkin) 283
money supply
as monetary variable 41-2
and PSBR $155-6$
money supply growth 241, 253-7
and national wealth 195
money supply targeting $6,11,68-9$, 116, 253-5
Morgan Grenfell Economic Review 179
mortgage equity withdrawal 197
MTFS (Medium Term Financial Strategy) 6, 92-3, 116, 149, 155, 186-7, 250, 251-2, 116

NAIRU (non-accelerating inflation rate of unemployment) 213
naïve fiscalism 199-205
naïve Keynesianism 183
naïve monetarism 199-205
narrow money indicators 8, 70-71, 305-6, 319-20
American monetarism 150-51
narrow money targets 165, 239-40
national income
and quantity of money 5, 293
UK 1980186
national income determination theory 192-3
National Income White Paper 83
national output 104
national wealth
and money supply growth 195
UK 1980186
nationalization and monetary policy 64
natural rate of output 214, 272-3
natural rate of unemployment 213
NAWRU (non-accelerating wages rate of unemployment) 24
NCMP (New Consensus Monetary Policy) 279
Neild, R. 7, 69, 198

New Classical School 12
New Consensus Monetary Policy (NCMP) 279
New Keynesianism 12-14
New Monetary Policy, The (Arestis and Sawyer) 279
Next Ten Years: Public Expenditure and Taxation into the 1990 s Green Paper 94
Nickell, S. 206-10, 210-17, 213, 218-24, 225-9
Niehans, J. 164
non-accelerating inflation rate of unemployment (NAIRU) 213
non-accelerating wages rate of unemployment (NAWRU) 24
Not Unanimous 143
Oakeshott, M. 139
Okun, A.M. 23-4
Old British Keynesianism 12-13
Oliver, M.J. 245, 258
open-market policy 153-4
Opie, R. 34-5, 135
Orwell, G. 259
output gap 11, 21-7, 98-9, 214-15
and cyclically adjusted PSFD/GDP ratio 99, 109-11
effect on PSFD 105-9
measurement 218-22
output gap estimates $104,214-15$, 225-7
and PSFD 105-11
output gap monetarism 14-15, 272-4
output growth rates $211-12$
output trends, post-war 211-12, 265-6

Paish, F. 27
paper credit
and inflation 59-60
risks of 56-7
Parkin, M. 160
Path to Power, The (Thatcher) 125
Patinkin, D. 54, 283
pay controls $39,134-5$; see also incomes policy
Pechman, J.A. 27
personal savings, effect of public sector deficits 178-9
personal sector
demand for money $287,320,323$
wealth, 1980186
Plaza Accord 164-5
Pliatsky, L. 76
political economy of monetarism 127-43
political market 139-40
Popper, K. 259
Portfolio Strategy 322
Post-Keynesianism 20
pound, see sterling
Poverty of Historicism (Popper) 259
price controls 38,134
prices and incomes policy 35-6
Principles of Macroeconomics (Bernanke and Frank) 197
private sector
credit and inflation 163
demand and corporate liquidity 328-9
investment, effect of budget deficits 177-80
money holdings 286-7
see also financial sector; personal sector
productivity
and income distribution 134
and inflation 237
and unemployment 228-9
PSBR (public sector borrowing requirement) $88,90,93-4,96$, 97-8, 114-15, 155-6
PSBR/GDP ratio targets 187
PSFD, see public sector financial deficit
PSNCR (public sector net cash requirement) 119
public expenditure, effects of 137
public sector borrowing requirement (PSBR) 88, 90, 93-4, 96, 97-8, 114-15, 155-6
public sector current budget 119
public sector deficits, effect on personal savings 178-9
public sector financial deficit (PSFD) 98, 104-8, 177
measurement of 104-8
and output gap 109-11
and private investment 177-80

PSFD/GDP ratio, cyclically adjusted 99, 199-200
public sector net cash requirement (PSNCR) 119
Purchasing Power of Money, The (Fisher) 281
quantity of money
determination of 8
as monetary variable 41-2
and national income 293
Quarterly UK Economic Forecast 322
'Quest for stability' (lecture) 262, 263, 268, 273

Radcliffe Report 3
rate of interest, see interest rates
real balance effect 311
recession 250
and interest rates 188,190
Reform of the Exchequer Accounts White Paper 114
reserves, American and British monetarism 1534
Ricardo, D. 59
Right Approach to the Economy, The 235
Robertson, D. 127
Robinson, J. 35, 44
RPI as measure of inflation 264
RPIX (retail price index excluding
mortgage interest rates) 264
Sabine, B.E.V. 83
Samuelson, P.A. 50
savings, effect of public sector deficits 178-9
Sawyer, M. 279
Schumpeter, J. 54, 59
Shonfield, A. 16, 144
Shore, P. 162
Simons, H. 132, 142
Skidelsky, R. 50
Smith, A. 133
social fairness, Keynes's views 38
socialization of investment 138, 247, 270
Stability and Investment for the Long Term 119-20, 121
stability, macroeconomic
post-2002 276
reasons for 262-74
stability of money demand 255
Steering the Economy (Brittan) 87
Stein, H. 81, 85
sterling
Deutschmark exchange rate 165-6
exit from ERM 241, 262
exit from European 'currency snake' 67
overvaluation 162
sterling M3 93, 147, 161-3
Stiglitz, J. 275
stop-go cycles 55
Structure of Monetarism, The (Mayer)
126
sustainable investment rule 119, 120
sustainable output 272-3
Svensson, L. 20
Tatom, J.A. 27
Tavlas, G.S. 17
tax-based redistribution 136
Taylor, J.B. 22
Thatcher, Margaret 5, 125, 166, 243
Thatcher government 92, 116, 207, 250
Thornton, H. 60
'The 364 were over the top: a reply to Professor Nickell's reply' (Congdon) 225-9
Time of My Life, The (Healey) 90
The Times, letter following 1981 Budget 7, 69-70, 176, 193 4, 210, 250, 257-8
tipping point 139
Tobin, J. 312
Tomlinson, J. 102, 243
'too much money chasing too few goods' 309
Torres, R. 22
total factor productivity 104
Tract on Monetary Reform, $A$ (Keynes) 41, 47
exchange rate 161
gold standard 61
managed currency $149,159,169$
monetary management 62
monetary targets 70-71
trade unions
and British and American monetarism 158-9
and Keynesians $34-5$
transmission mechanism 282-5, 316-26
transparency of decision-making 268
Treasury bill rate as measure of interest rates 264
Treasury orthodoxies and Keynesianism 116-17
Treasury under the Tories 1951-64, The (Brittan) 87
Treasury view on deficit financing 177-8
Treatise on Money (Keynes) 41, 48, 49-51, 50-53, 153-4, 284
trend output 104, 214, 272-3
Turnbull, P. 26
unemployment
equilibrium rate 213-17
and inflation 208-9, 272
measurement 98, 213
Unemployment: Macroeconomic Performance and the Labour Market (Layard, Nickell and Jackman) 213, 215
USA
monetarism, see American monetarism
monetary policy 67
velocity of circulation of money 255
View from No. 11, The (Lawson) 243
wage control 39, 134-5; see also incomes policy
wage-units $36-7,129-30$
Walters, A. 8, 71-2, 152, 163, 164, 166, 239-40, 255, 326
and EMS 166
and narrow money measures 8 , 239-40
and sterling M3 93, 147, 161-3
Warburton, P. 309, 322
Ward, S. 322
Wealth of Nations, The (Smith) 133
Were 364 Economists All Wrong? (Booth) 210-11, 213, 215
White Paper on the Comprehensive Spending Review 120
White Paper on Employment Policy 83-4
White Paper on Reform of the Exchequer Accounts 114
Williams, Shirley 269-70
Williamson, B. 322
Wilson, Harold 65, 114
Wilson government 88, 114
Winch, D. 113
zero PSBR rule 117-18

