



KENNETH CLARKSON is Assistant Professor of Economics at the University of Virginia where he has taught since 1969. He received his B.A. from California State University and his M.A. and Ph.D. from the University of California at Los Angeles. In addition to teaching at Virginia, Dr. Clarkson has taught at U.C.L.A. and at San Fernando Valley State College. He has served as consultant to the Office of Management and Budget, the United States Treasury, the President's Commission on Government Procurement, and the National Endowment for the Humanities. He is co-author (with Courtenay Stone) of *Microeconomics in Action*. Among the publications for which he has written articles are the *Journal of Law and Economics*, *Res Publica*, and *Growth and Change*.

COLIN CAMPBELL is Professor of Economics at Dartmouth College where he has taught since 1956. He received his B.A. from Harvard University, his M.A. from the University of Iowa, and his Ph.D. from the University of Chicago. Dr. Campbell has had a varied career, distinguishing himself in the academy, in government, and in the business community. He has been director of the Dartmouth National Bank since 1961 and director of the Student Loan Marketing Association since 1973. He has been an economist for the Brookings Institution, for the Federal Reserve System, and for the Central Intelligence



Agency. In addition to teaching at Dartmouth, Professor Campbell has taught at Rensselaer Polytechnic Institute and at Drake University. He is the author of *An Introduction to Money and Banking* (with R.G. Campbell) and *The Federal Reserve System and the Business Cycle*. Among the publications for which he has written articles are the *Economic Journal*, the *Southern Economic Journal*, the *Journal of Law and Economics*, the *Journal of Political Economy*, the *American Economic Review*, and the *Wall Street Journal*.



WARREN COATS is Assistant Professor of Economics at the University of Virginia where he has taught since 1970. He received his B.A. from the University of California at Berkeley and his M.A. and Ph.D. from the University of Chicago. In addition to teaching at Virginia, Dr. Coats has taught at Roosevelt University, the Illinois Institute of Technology, and the University of Hawaii. He has also served as Economic Consultant to the Bank of Hawaii, as Assistant Chairman of the University of Virginia Economics Department, and will serve as Director of the University's Economics Honors Program from 1974 to 1976. He is the author of *Study Guide to the Principles of Economics* and of articles for such publications as the *Journal of Finance*, *Modern Age*, *Challenge*, and *Virginia Economic Essays*.

The Government's Role in Inflation

No issue today so intrudes on the public consciousness as that of inflation. The citizen is faced daily with an economic situation in which the only certainty seems to lie in the steady increase in prices. This condition has affected more than the short term economic welfare of the United States for it endangers the confidence of people in the free-enterprise system and in the American government itself. Such an erosion of confidence is heightened in a situation where politicians have raised unrealistic expectations that the federal government can achieve everyone's economic objectives. Further, it can be contended that government, through many of its machinations, is itself a primary cause of inflation. The relationship between government and inflation will, therefore, be the focus of this seminar.

Government efforts to repair the economy have been repeatedly frustrated by what Arthur Burns calls "special factors". These are generally unforeseen circumstances such as the Arab oil embargo, disappointing harvests, and unpredictable demands on key commodities. Special factors, however, are always present in the workings of an economic system and a policy of intervention must always be predicated on current trends. Thus government control of the economy may eternally be doomed to failure by just such special factors.

The economy's unpredictability is only half of the problem, the other half being political considerations. The experience of the Nixon government is a case in point. In the early years of the administration restrictive monetary growth was adopted as the strategy for curbing inflation; but, as the 1972 elections neared, pressures from political rivals and unionists compelled the administration to abandon this course in favor of wage and price

controls. These proved so disastrous that such controls have been discredited—for the time being—among all but the most diehard interventionists. Politics is also evident in the tug-of-war between congress and the president over the level of federal spending which both agree must be reduced before inflation can be fought successfully.

There seems to have been an inability on the part of the government or the Federal Reserve System to decisively choose a policy and to have the strength or courage to apply it over a time sufficient for that policy to take effect. Indeed, the ineptness of government attempts to resolve the crisis can lead to the conclusion—as it has among some—that perhaps the economy might be best left to correct itself. Might it not be that in the price system the economy has the remedy for its own ailment?

Inflation and the attempts to cure it have been fraught with uncertainty and indecision. The purpose of this seminar will be to give some measure of order and perspective to our understanding of inflation and government attempts to deal with it. The causes and consequences of inflation both now and in previous crises will be discussed. Our failures in controlling inflation will be detailed and explained. What solutions have been tried and why have they failed? Has government ever been able to rationally and successfully deal with this problem or has it in some instances created the problem itself? What are the implications for political stability in a society in which governmental legitimacy and economic prosperity are so closely related? Finally, based on the foregoing considerations, what are some possible remedies for spiraling prices and what role—if any—should government take in effecting them?

SEMINAR SCHEDULE

Admission Free

Panel discussion led by Dr. G. Warren Nutter,
Professor of Economics, University of Virginia
and former Assistant Secretary of Defense.

9:30 a.m.	Colin Campbell
11:00 a.m.	Kenneth Clarkson
12:30 p.m.	Lunch Break
2:15 p.m.	Warren Coats
3:45 p.m.	Panel Discussion

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INTERCOLLEGIATE
SEMINAR

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