

Nationale Wege der Inflationsbekämpfung

Von

Hartmut Berg, François Bilger, Klaus-H. Hennings,
Joachim Klaus, Pieter Korteweg, Hans-Rudolf Peters,
Hans Seidel, Werner Zohnhöfer

Herausgegeben von Josua Werner



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Vorwort

Wirtschaftspolitische Probleme werden mitunter nach ihrer jeweiligen Dringlichkeit numeriert; dabei gilt auch hier das hauptsächliche Interesse dem ersten Listenplatz. Stand in den Jahren nach dem zweiten Weltkrieg die Sicherung der Vollbeschäftigung an vorderster Stelle, so wurde zu Ende der sechziger Jahre die Inflationsbekämpfung zum wirtschaftspolitischen Thema Nummer eins. Wenn anschließend die Wortschöpfung „Stagflation“ die wirtschaftspolitischen Diskussionen entscheidend bestimmt hat, ist dies wohl in der Weise zu interpretieren, daß angesichts der inzwischen eingetretenen Entwicklung die Ziele Vollbeschäftigung und Geldwertstabilität „*primo et aequo loco*“ plaziert werden mußten. Die letzten Jahre wiederum sind geprägt durch die Forderung nach einem wirkungsvollen Abbau der Arbeitslosigkeit, während die Aktualität der Inflationsbekämpfung — bedenkt man, daß in einzelnen Monaten des Jahres 1986 sich gar ein absoluter Rückgang des Preisniveaus einstellte — stark in den Hintergrund getreten ist.

Der Wirtschaftspolitische Ausschuß, der bereits 1973 in Salzburg und 1974 in Würzburg sich mit Fragen der Inflation und der Arbeitslosigkeit befaßt hatte, wandte sich 1983 und 1984 erneut der Stabilisierungsproblematik zu. Insbesondere bestand bei den Ausschußmitgliedern Interesse, die in anderen europäischen Ländern gemachten Erfahrungen näher kennenzulernen. Der hiermit vorgelegte Band „Nationale Wege der Inflationsbekämpfung“ umfaßt die 1983 an der Sitzung in Innsbruck gehaltenen Länder-Referate über Österreich und die Niederlande sowie die 1984 an der Sitzung in Freiburg i. Br. gehaltenen Länder-Referate über Frankreich und Großbritannien. Die zu den einzelnen Referaten vorgetragenen einleitenden Korreferate sind ebenfalls in den Band aufgenommen worden.

Alle Beiträge fanden ein lebhaftes Echo und lösten eingehende Diskussionen aus. Als besonders anregend erwies sich der Gedankenaustausch mit den ausländischen Gastreferenten, die zu den zahlreichen, von den Sitzungsteilnehmern aufgeworfenen Einzelfragen aus direkter Kenntnis antworten konnten. Mit der Publikation der Referate und Korreferate — auch wenn sie zeitlich eher spät erfolgt und die, die damalige Ausschußarbeit maßgeblich bestimmenden Probleme der Inflationsbekämpfung nicht länger die gleiche Dringlichkeit besitzen — sollen die aus dem Ländervergleich gewonnenen Einsichten einem weiteren Kreis von Interessierten zugänglich gemacht werden.

Der Herausgeber

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Inflation and counter-inflation policies in the Netherlands*

By *Pieter Korteweg*, Gravenhage

Introduction

The causes and consequences of inflation are among the most discussed issues of political and economic debate in the Western industrialised world.

In the first part of paper I shall briefly present my view on the fundamentals of inflation. Concerning the effects of inflation there is one main element to be mentioned already now: inflation, particularly if unforeseen, reduces the information content of changes in prices. Unforeseen inflationary impulses thereby make the effects and consequences of economic activities more uncertain and more unpredictable.

In the present paper I shall mainly look at the effects of inflation on the development of the Dutch economy. Indissolubly bound up with this is an evaluation of the policies pursued in response to inflation.

I shall conclude by looking at inflation in the Netherlands at the beginning of the eighties. The main question of course here is which policy-mix can do to ensure that fundamental equilibrium of the Dutch economy can be reached again without being frustrated by a renewed acceleration of the inflation rate.

Fundamentals

In the longer term the difference in the rate of increase between the stock of money, however defined, and real output is determining the level and the persistency of inflation, given the trend of money velocity. Without a persistent strong growth of the money aggregates above the rate of increase of real demand for money related to economic growth, there is no impulse to inflationary expectations. And no acceleration of inflation.

The most effective policy instrument directed at a stabilisation of home prices as well as of the exchange rate is therefore a trend-based control of money aggregates, at home and abroad.

* The author is very grateful for the indispensable help he got in writing this paper from Drs. C. L. Worms.

With a high degree of stability of prices, changes of individual prices will be seen as accurate signals of relative prices and thereby of changes in relative market positions.

Such a situation is conducive to the quality of decisions by economic subjects in the field of production and expenditures.

Non-monetary forces such as those generated by the government budget and world trade as well as institutional factors, do not, as appears from empirical research, have a significant long term impact on the rate of inflation¹.

Dutch monetary authorities too, have acknowledged the existence of a dominant relationship in the long term between the development of monetary aggregates and that of prices. In various publications² De Nederlandsche Bank has pointed to the monetary conditions which will, in a small open economy with relatively fixed exchange rates, have to be fulfilled in order to simultaneously achieve a stable trend growth of the real economy, a low rate of inflation and fundamental balance of payments equilibrium. These conditions refer to a balance between domestic monetary impulses (money-creation by banks and government) and the demand for money which is — given trend in money velocity — related to a stable and non-inflationary economic growth.

Against the background of this close relationship between money growth and inflation, policy makers in a small and open economy can choose in principle between

- a monetary policy which is primarily directed at the control of monetary aggregates (money stock policy). The trend growth rate of the aggregates is then attuned to the growth rate of potential GNP. In the case of such a money stock policy, the consequences of various home and foreign influences for the position of the exchange rate have to be accepted. This does not necessarily mean a choice for a system of flexible exchange rates.
- a monetary policy which is primarily directed at fixing the nominal exchange rate by way of managing the spread between the domestic and foreign interest rates (money market policy). In this case the home development of monetary aggregates is determined by that in the countries with which a fixed nominal exchange rate relationship is maintained. With this kind of monetary policy preference is given to price targeting (i. e. exchange rates and/or interest rates) in stead of money stock targeting.

Under that policy regime of fixed exchange rates the expansive and restrictive monetary effects of balance of payments surpluses and deficits are in principle by the monetary authorities. Under these circumstances a trend-based control of money growth is almost impossible to pursue in a small open economy. In case of balance of payments surpluses, the monetary expansion originating abroad is

¹ Korteweg 1975, 1979 and 1982.

² e. g. Holtrop (1972) and Den Dunnen (1979).

used to finance the acceleration in the inflation rate which is then necessary in order to maintain fixed parities. Restoration of external equilibrium takes place by means of a real appreciation of the currency. And in case of balance of payments deficits, monetary tensions do occur. In order to maintain fixed parities domestic interest rates will have to rise. At the same time the outflow of liquidity puts a brake on domestic inflation, causing a real depreciation of the currency. The resulting high interest rates dampen domestic economic activity. These mechanisms together will generate a tendency toward the restoration of balance of payments equilibrium.

The Netherlands decided to join the Bretton Woods system in 1944 thereby making a conscious choice in favor of the second policy alternative mentioned above. The main consideration to do so was the idea that fixed exchange rates promote international trade and finance. This would especially be to the benefit of small, open economies as the Dutch.

It is clear that such a choice in favour of a fixed exchange rate (i. e. in favour of price policy) will only be effective in restricting the domestic rate of inflation if countries, to which the exchange rate is tied, are able to realise an equally low rate of inflation. Thus, monetary and budgetary discipline at home and abroad is of utmost importance under this system.

This is the reason why the Netherlands, after the breakdown of Bretton Woods, have tied the guilder — within the framework of the successive European exchange rate systems — especially to the German Mark.

Dutch post-war experiences

In the fifties and the beginning of the sixties economic policy in the Netherlands was primarily and forcefully aimed at recovery and growth of the marketsector. A centrally guided wage policy and a rather restrictive price policy were pursued. A strong competitive position vis-à-vis other countries in term of prices and costs was achieved. A reshuffling of the structure of domestic expenditures took place from consumption to capital investment; to the benefit of the long term growth potential of the Dutch economy. In this period the surplus on the current account of the balance of payments rose almost continuously above the amount of the structural capital outflow which was estimated by the central bank at $1\frac{1}{2}\%$ of national income for this period.³ On average inflation was 3% a year while economic growth mounted to a sound $4\frac{1}{2}$ to 5% (see figure 1)⁴. In spite of high yearly increases in labour productivity, employment in the business sector showed a steady rise of about $1\frac{1}{2}\%$ a year.

³ *Den Dunnen* (1979).

⁴ All the tables referred to, are in the appendix to this paper.