## TABLE OF CONTENTS

\_

Chap	ter	Pa
1.	INTRODUCTION	
2.	SUPPLY, DEMAND AND THE TWO TYPES OF INFLATION	
	I. Introduction	
	II. Aggregate Demand and the Circular Flow of Income	
	A. The Government Budget Constraint B. Taxation by Inflation	
	III. A Model of Determinants of the Money Supply	
	IV. Income Flows and Money Creation	]
	V. Balancing Leakages	1
	VI. Interest Rates and the Velocity of Money	1
	VII. A Recap	-
	VIII. Determinants of Aggregate Supply and the Demand for Labor	
	A. A Cobb-Douglas Production Function	
	Example	2
	B. Empirical Evidence	2
	C. Cyclical Fluctuations	2
	IX. Putting Supply and Demand Together	2
	V X. Inflation: Demand-Pull and Cost-Push	2
	$\vee$ XI. Weaknesses in the Above Two Models	2
•	A THEORY OF INVESTMENT IN UNEMPLOY- MENT	2
	I. Introduction	2
	✓ II. Unemployment	2
	A. Search Unemployment	3
	III. The Reservation Wage Rate	3
	A. Finding the Reservation Wage	3
	IV. The Duration of Unemployment	3
	A. Where the Variance of the Probabili-	0
	ty Density Function is Zero	3
	B. Variance of Probability Density	
	Function is Greater Than Zero	3
	8 Williams-linemploy & Inflat WCB V	
1100		

Miller & Williams-Unemploy. & Inflat. WCB

TABLE OF CONTENTS

Chap	oter	
3.		
	MENT—Continued	Page
	V. Search Unemployment and Errors in Fore-	
	casting	40
	<ul> <li>A. Specification of the Relationship</li> <li>B. The Friedman Theory of the Phillips</li> </ul>	42 44
	Curve Relationship C. Institutional Considerations	44 44
		44
4.	THE TRADE-OFF BETWEEN UNEMPLOYMENT AND INFLATION	46
	I. Introduction	46
	II. The United States' Empirical Relationship	50
	III. Expectations and the Phillips Curve	<b>54</b>
	IV. Introducing Changing Expectations	<b>56</b>
5.	THE FORMATION OF EXPECTATIONS	59
	I. Irving Fisher's Research on Expectations Formation	59
	II. Recent Developments in Adaptive Expecta- tions Models	60
	III. Further Justification of Adaptive Expecta-	00
	tions Model	61
	IV. Other Versions of the Model	63
	V. Using a Model to Form Expectations	<b>65</b>
	VI. Direct Controls	65
6.	THE EMPLOYMENT AND PRICE EFFECTS OF	
0.	LABOR MARKET RESTRICTIONS	66
	I. Union Collective Bargaining	67
	II. Demand for Labor	69
	A. Derived Demand for Labor When	-
	Capital Supply is Perfectly Elastic	<b>73</b>
	B. Demand for Labor When Capital	
	Supply is Perfectly Inelastic	<b>73</b>
	C. The More General Case	74
	III. Empirical Examples of the Derived Demand	
	for Labor	75
	IV. Employer Collusion	76
	V. Welfare Effects of Wage Differentials	78
	VI. General Equilibrium Considerations	80
	A. A Two Sector General Equilibrium	01
	Model of Union Wage Policies	81

## TABLE OF CONTENTS

Chapter		
6. THE EMPLOYMENT AND PRICE EFFECTS OF	4	
LABOR MARKET RESTRICTIONS-		
Continued		
	Page	
VII. Minimum Wage Rates, Collective Bargain-		
ing and Southern Industrial De-		
velopment		
A. Monopsony	86	
VIII. Aggregate Demand and Labor Market Re-	00	
striction	88	
7. WAGE AND PRICE CONTROLS	91	
I. Expectations	92	
II. Aggregate Excess Demand Situations	93	
A. Macro Considerations	94	
B. Micro Considerations	94	
C. Inventories	98	
III. Price Searchers Market	98	
IV. Fixed and Variable Cost Considerations	102	
V. Effects of Alternative Control Schemes	103	
VI. Conclusions	105	
8. POLICY-MAKING IN THE POST-NEW ECONOMIC		
ERA	106	
Index		

t