

The Course and Consequences of Inflation

The growth rate in the money supply has been slowing substantially.

July 26, 2021 9:43 am ET



Illustration: Phil Foster

To be a contrarian, let me say that today there is little difference between noninterest-paying money (M1) and a bank savings account or a one-year Treasury bill (0.08% yield). This is why velocity has fallen. People don't mind leaving their nontransactional "savings" in a demand deposit because it makes little difference. Hence, we are in uncharted waters, and I don't think Milton Friedman would make Messrs. Greenwood and Hanke's bold assertions. By the 1990s, even Friedman became more circumspect as money velocity had become unstable.

H. Terrence Riley III, CFA

New York

<https://www.wsj.com/articles/inflation-capital-gains-tax-money-supply-prices-11627078764>