Index

Anglo-Saxon countries, theories of money circulation 4 bank credits and credit money 25, 26 effects on inflation and liquidity, models 134-5, 136 role in a monetary economic model bank deposits, and liquidity 117 bank loans and deposits 82-3, 84-7, 88, 94 interest payments 117-19 models 119-20; equilibrium conditions 120-3 role 154-5 bank overdrafts 17 banking, neoclassical monetary theories 48-54 banking system, and money creation 13 banking-money equilibrium monetary circuit theory 55-7 neoclassical monetary theory 54, 57 banks credit potential 88 effects on equilibrium configuration 67, 68 and firms: effects on interest rates 123–8; effects on liquidity 23 and profits rates models 104 and purchasing powers 98, 99 relationships with firms 68-70, 72: models 74-8

role (general) 27-9, 30-1, 151role in investment–savings equilibrium: neoclassical monetary theory; Wicksell's model 42-4 role in monetary economies 61, 62-4, 65, 66 role in the origin of money 79 role in the position of full equilibrium 35 and securities markets 114–15 barter economies 58–9 Bernanke–Blinder macroeconomic model 76-8 bills of exchange, role in credit economies 59 budget constraints effects on economies 46-8 neoclassical monetary theory 37 - 8capital and consumption 69 Machlup's views 30 capitalists, Marx's definition 21 circuit (Kreislauf) 2 circulation approach see monetary circuit theory circulation model, inflation tax 48 classical monetary theory investment-savings equilibrium

investment–savings equilibrium 42 wages theory 39–40, 41

coinage production 6

CAMBRIDGE

Cambridge University Press 978-0-521-81211-5 - The Monetary Theory of Production Augusto Graziani Index More information

Index 171

commodities circulation, and the role of money 16–18 sale 29 communities, bank credit 25 consumer sovereignty 147 consumers, and income distribution 96-7 consumption, and capital 69 credit, allowance 20 credit economies 59-60 credit money, and bank credit 25, 26 deposits, and loans 82-8, 94 developing countries, savings and investment financing 73 Dijon school, theories of monetary circulation 3 distribution, marginal theory 40–1 economic crises, divergences between monetary circuit theory and neoclassical analyses 154-6 economies, effects of external forces 46 - 8Edgeworth, F.Y., credit potentials of banks 91 efficiency, and profits 32 employment, effects on retail trade productivity 111, 112 endogenous money 138-9 relationship between inflation and interest rates 141, 142 see also money entrepreneurs access to markets, effects on money circulation 146 bank credits 25, 27-9, 30 bank loans, models, equilibrium conditions 121-3 effects of interest rates and inflation 141 expenditure: effects on inflation and liquidity 132-3; models 133 - 7and income distribution interest payments 31; on bank loans 117–19; on securities 115 - 17

production considerations 29 profits 148–9; and efficiency 32 role in macroeconomic theories 12, 19, 20 and securities markets 114-15 wealth, and the divergences between monetary circuit theory and neoclassical analyses 147 see also firms eauilibrium effects on money circulation 14-16 full equilibrium, in neoclassical monetary theory 35 market equilibrium, in the divergences between monetary circuit theory and neoclassical analyses 147 Modigliani–Papademos macroeconomic model 76 in monetary economic models Walrasian model 12 in welfare economics 34 equilibrium conditions bank loans, models 120–3 in financial markets 124-8 money creation 66 equilibrium configuration, determinants 67-8 finance final 56, 69 initial 27, 56, 69 financial markets bank loans: interest payments 117-19 bank loans models 119-20; equilibrium conditions 120 - 3relationship between banks and firms, effects on interest rates 123 - 8role 152 securities markets 114-15; interest payments 115-17 financirisation, divergences between monetary circuit

172 Index

firms and banks ; effects on interest rates 123-8; effects on liquidity 23 expenditure, debt coverage, in monetary economic models market prices, models 101 profits, tax effects 105-10 profits rates models 103–5 purchasing powers 98 relationships with banks 68–70, 72; models 74–8 role in monetary economies 65 see also entrepreneurs Fisher, Irving 36, 91 financial indexation formula 130-1, 132, 133, 134, 135, 136 utility of money 10 forced saving 71, 72 France, theories of monetary circulation 3-4 Germany, theories of monetary circulation 1-2 government expenditure debt coverage, in monetary economic models effects on inflation and liquidity 132; models 133, 135, 136 effects on wealth, divergence between monetary circuit theory and neoclassical analyses 147 and monetary stability 139-40, 141, 142 government sectors effects on money circulation 15 - 16inflation tax 25 role in interest payments 31 governments bank loans, models, equilibrium conditions 121 deficits, effects on self-financing 153 and the distribution of real income 143 indebtedness, in neoclassical monetary theory 35-6 loans and deposits 83

manipulation of budget constraints and effects on economies 46-8 role in monetary economies 65 tax yields and effects on profits 105 - 10Hahn, L.A. 89 Hayek, F.A. bank loans 155 banking's role in savings-investment equilibrium 53 Heinsohn, G., and the origin of money 80-1 Hicks, J.R. 154 coinage production 6 loans and deposits 82 money demand defined 55 utility of money 10 income distribution circuit and post-Keynesian views 24 effects of money prices 100 - 5effects of retail trades 110-13 effects of taxation 105–10 in neoclassical analyses 145 and purchasing powers 98–100 theories 96–8 indexation 129-31 financial indexation 130–1 Keynes's views 131 real indexation 129 relationship with inflation and liquidity 132–3; models 133 - 7individualism, effects on monetary theories 12, 18-21 inflation 33 and government expenditure 107 and indexation 132–3; models 133 - 7and interest rates 140–3 inflation taxes 25, 47-8 interest, divergences between monetary circuit theory and neoclassical analyses 149–50 interest payments, effects on monetary circulation 31

CAMBRIDGE

Cambridge University Press 978-0-521-81211-5 - The Monetary Theory of Production Augusto Graziani Index More information

Index 173

interest rates effects on securities 122 indexation 129-31 and inflation 140-3 relationship between banks and firms 123–8 investment financing 56 classical monetary theory 39-40 divergences between monetary circuit theory and neoclassical analyses 151 models 74-8 and production financing 68-74 investment-savings equilibrium banking's role 52-4 in neoclassical monetary theory 38 - 46investments, banking's role 51-2 IS-LM model 22-3 Italy, theories of monetary circulation Johannsen, N. (J.J.O. Lahn), theories of monetary circulation 2 Kaldor, N., theories of income distribution 97 Kalecki, M. 104 taxation of firms 106 theories of income distribution 97 - 8Keynes, J.M. 61 banks' role 54, 151 criticisms of the Pigou effect 156 definition of money 13 equilibrium configuration 67–8 income distribution 96-7, 98 indexation 131 macroeconomic models 19 and monetary circuit theory 22 - 3monetary Keynesianism 2 money circulation 2, 4 money demands 85 money stock 70, 138 money supply 125, 126 origins of money 78 private banks and credit 64 producer sovereignty 147 role of money 14

money 79 Kreislauf (circuit) 2 Lahn, J.J.O. (N. Johannsen), theories of monetary circulation 2 Lavoie, Marc, theories of monetary circulation 3 law, and the origin of money 79, 80 Law, John, legal controls over the paying of Parisian taxes 80 Le Bourva, Jacques, theories of monetary circulation 3 Lindhal, Erik, money creation 13 liquidity and bank deposits 117 banking sector 53, 54, 82-3 circuit and post-Keynesian views 23 in government transactions 83 and indexation 132-3; models 133 - 7Keynes's views 125, 126 Modigliani–Papademos macroeconomic model 75 loans, and deposits 82-8, 94 Machlup, F., views of capital 30 macroeconomic analyses, role of monev 26 macroeconomic models, construction 19-22 marginal productivity principle, divergences between monetary circuit theory and neoclassical analyses 148-9 Maria Theresa (Empress of Austria), legal controls over the paying of taxes 80 markets, divergences between monetary circuit theory and neoclassical analyses 144-6 Marshall, Alfred entrepreneurs' profits 148, 149 indexation 131 marginal theory of distribution 41 Marx, Karl, on purchasing power 21 Marxism

Keynes-Kalecki formulation 24-5

Knapp, Friedrich, state theory of

macroeconomic models 19, 21 and the origin of money 80–1

174 Index

Menger, Carl 63 money as an intermediary of exchange 6, 10 Mill, J.S. capital and consumption 69 money as an intermediary of exchange 6 Modigliani–Papademos macroeconomic model 74-6 monetary circuit theory 1-5, 16-18, 25 - 6and Keynesianism 22–3 money-banking equilibrium 55-7 and neoclassical analyses 18-22; divergences 144; economic crises 154–6; financirisation 156-8; interest 149-50; investment finance 151; market conditions 144-6; money 150–1; profit formation 148–9; real income and wealth 146-8; self-financing 152-4 phases 26-31 and post-Keynesianism 23–5 monetary circulation problems 5-16 savers' roles 31 monetary economic models, involving banking credit monetary economies 60-1 money creation 64-7 triangular relationships 62-4, 65 - 6monetary stability, and government expenditure 139-40, 141, 142 money circulation 27; definition affects views of the value of money 11 creation in monetary economies 64 - 7demands for 55, 85 divergences between monetary circuit theory and neoclassical analyses 150-1 endogenous money 138-9, 140 as a form of wealth 5, 13-16 functions 5-16

as an intermediary of exchange 5 - 13origins 78-81 role 14; and commodity circulation 16-18; as shown by macroeconomic analyses 26 role in neoclassical monetary theory 33-8 utility, definition affects views of the value of money 7-10 see also endogenous money money circuit closure 154-5, 156 opening 155-6 money creation, and the banking system 13 money prices, formation, models 100 - 5money stock 70, 138–9 effects on monetary theories 21 Keynes's views 22 money supply *see* liquidity money-banking equilibrium monetary circuit theory 55-7 neoclassical monetary theory 54, 57Monnaie et Production, theories of monetary circulation 3 neoclassical analyses divergences 144; economic crises 154-6; financirisation 156-8; interest 149-50; investment finance 151; market conditions 144-6; money; profit formation 148-9; real income and wealth 146-8; self-financing 152-4 and monetary circuit theory 18 - 22neoclassical monetary theories 37 banking 48-54 manipulation of the economy by external forces 46-8 money–banking equilibrium 54, 57 money's role 33–8 savings-investments equilibrium 38 - 46neutrality principle 34, 36

CAMBRIDGE

Index 175

Pantaleoni, Maffeo, utility of money Parguez, Alain money defined 65 theories of monetary circulation 3 Pigou effect 155, 156 post-Keynesianism and monetary circuit theory 23 - 5theory of income distribution 97 Poulon, François, theories of monetary circulation 4 producer sovereignty 147 producers, control over real wages 24 - 5production financing 56 and investment financing 68-74 productive resources, optimal allocation 34 profit formation, divergences between monetary circuit theory, and neoclassical analyses 148-9 profits and efficiency 32 rates, models 103-5 and tax yields 105-10 purchasing power 98-100 circuit and Keynesian views 22 constraints on monetary theories 19 - 21pure credit economies 67 real income distribution 143 divergences between monetary circuit theory and neoclassical analyses 146-8 real wages, control 24-5 relative prices 26 reserve ratios compulsory reserve ratios and the credit potential of banks 90 voluntary reserve ratios and the credit potential of banks 90 reserves and the credit potential of banks 88 - 90and the credit potential of single banks 90-5

retail trades, productivity 110-13 Riese, Hajo 2 legal basis of the issuing of money 79 state theory of money 79 Robertson, D., money demand defined 55 Robinson, Joan theories of income distribution 97 theories of money circulation 5 savers role in monetary circulation 31 and securities markets 123-4 wealth, and the divergences between monetary circuit theory and neoclassical analyses 146 see also wage earners savings banking's role 49-51 and investment financing 71-4 priorities over investments 87-8 and securities markets 114-15 savings-investment equilibrium banking's role 52-4 in neoclassical monetary theory 38 - 46Say, J.B., theories of the circulation of money 12 Schlesinger, Karl, utility of money 10 Schmitt, Bernard banking system 65 theories of monetary circulation 3,4 views of profits 103 Schumpeter, J.A. banks' role 151 origins of money 78 producer sovereignty 147 Seccareccia, Mario, theories of monetary circulation 3 securities interest payments 115-17 interest rates, effects 122 issuing, in monetary economic models 57 securities markets 114-15 and savers 123-4

176 Index

self-financing, divergences between monetary circuit theory and neoclassical analyses 152–4 Sismondi, J.C. legal controls over the paying of taxes 80 retail trade productivity 111 Smith, Adam money as an intermediary of exchange 5 retail trade productivity 111 stability principle 36 state theory of money 79 Steiger, O., and the origin of money 80 - 1Sweden, theories of monetary circulation 1 Sylos Labini, Paolo, theories of monetary circulation 4 tax yields, and profits 105–10 taxation, and the distribution of real income 143 temporary finance 69 Tobin, James banking 114 credit potentials of banks 94 views on loans and deposits 84 - 5triangular relationships, in monetary economies 62-4, 65 - 6utility, as an indicator of value 7

veil of money 6, 33 Schumpeter's views 21 voluntary saving 71 von Mises, Ludwig forced saving 72 utility of money 7, 8–9

wage earners access to markets, effects on money circulation 145, 146

bank credit 26 consumption, tax effects 105-8, 109 distribution of money incomes 29 - 30income models 101, 102 investment in securities 115–16, 117 purchasing power 98–100 real wages 24-5 role in macroeconomic theories 12, 19, 20 wealth, and the divergences between monetary circuit theory and neoclassical analyses 146 see also savers wage labour, role in barter economies 59 wage rates, effects on bank credits 28, 30 wage theory, and the production cycle 41 wages payment 87 theory 39–43, 44, 45; equilibrium effects where wages not paid in advance 49 wealth, divergences between monetary circuit theory and neoclassical analyses 146 - 8welfare economics, fundamental theorem 34 Wicksell, Knut credit potentials of banks 91 forced saving 72 individualism and its effects on monetary theories 12 investment–savings equilibrium 42-4; and banking 49 producer sovereignty 147 theories of monetary circulation 1