

Subject index

- accommodationism 93–4, 102–3,
107, 109, 250–51, 330 *see also*
horizontalism
- AD–AS model 208
- alternative monetary model (AMM)
263
- Australia 66, 201, 295, 302–3, 311, 415
- Austria 202
- balance sheets 53–4, 56–7, 60–63, 65,
71–7, 80, 95, 98, 101–3, 108–9,
120, 232, 239–40, 280, 363,
369–71, 373
- bank deposits 8, 10, 22–3, 31, 56, 58,
90, 98, 106–7, 111–12, 114–18,
120, 123, 125, 130, 146, 153,
229–34, 239–43, 248, 270–75,
320–23, 356, 358–60, 368, 371,
374, 382, 386, 389, 412, 414–15,
418–19
- Bank for International Settlements
54–5, 131
- Bank of Amsterdam 387
- Bank of Canada 54, 61, 64, 66, 71–3,
79, 121–6
- Bank of England 12, 32, 34–8, 44–6,
51, 61, 64, 112, 233, 415
- Bank of Ireland 34–5, 38
- Bank of Japan 73
- Bank of Scotland 34–5
- Bank of the United States 41
- bankruptcy 36–7, 39, 202, 364
- barter 150, 153, 264
- base money *see* high-powered money
- Basel Committee on Banking
Supervision 130–31
- Basel I 129–31, 139–40
- Basel II 129–32, 139–40, 144
- Basel III 10, 129–35, 139–41, 144
- bastard Keynesianism 245
- Bear Stearns 102
- bearishness 89, 98, 100, 274–5
- Belgium 55
- bills of exchange 30–32, 44
- bond rate of interest 98–101, 104, 360
- borrowed reserves 98–9, 101–2, 107
- bullion famine 27
- bullishness 274–5, 279
- Canada 10, 55, 66, 69, 71–2, 75, 79, 82,
270, 302, 364, 415 *see also* Bank
of Canada
- Capital Adequacy Ratios 131–2, 134,
139–40
- capital flows 162, 186, 253
- capital gains 77
- capital inflows 160
- capital markets 147–50, 152, 156–7,
163, 198, 212, 340
- capitalism 82, 146, 150, 153, 155, 163,
174, 208–9, 246, 254, 257, 299, 412
- central banks 1–12, 15–16, 21, 23, 25,
30, 33, 36, 41–2, 45, 92–3, 98,
102–3, 105–9, 111–13, 117, 122–5,
130, 132, 134, 145–7, 149–55,
157, 159–61, 163–4, 192, 228–33,
239–40, 242, 245, 248–53, 255,
270, 274, 287, 294–8, 300, 305,
316, 319, 323, 329–37, 339, 346
- and a coherent stock-flow
framework 353, 360–62, 369–70,
374, 379–80, 382–3, 388, 391–4,
398, 401, 404, 407–8, 411–16,
421–4 *see also* public banks;
individual banks
- general principles *see* general
principles of central-bank
operations
- and interest rates determination *see*
rate of interest
- and the principle of effective
demand 209, 214–20, 223–4

- and quantity theory 174
- as settlement institution 117–21
- chartalism 29, 80–82, 251, 415
- circuitism 152–4, 164
- classical monetary theory 174–8, 186, 210, 212–13, 216–17, 247, 270, 277
- clearing banks 30–32
- Clearing House and Interbank Payments System (CHIPS) 54
- clearing houses 54, 63, 252, 280
- coherent stock–flow framework 353–6, 373
 - adding loans for speculative purposes 361–3
 - growth model with private money 356–61
 - Minsky's financial fragility hypothesis *see* financial fragility hypothesis
 - modelling the behaviour of the banking sector 367–72
- coined money *see* metallic money
- commercial banks 2, 6–8, 15, 62, 75, 120–23, 146–7, 149–60, 164, 192, 229, 233, 248, 252–3, 272–5, 329–34, 336–7, 346, 348, 398, 400–401, 403–5, 411–13
- Committee on Payment and Settlement Systems 117
- commodity money 11, 23–4, 29, 174–8, 181, 183–5, 195, 252–3, 384–5, 390–93
- compensation mechanism 62
- Continental banks 40–41, 46
- corporate banks 33–5
- corridor model 105–7, 125
- credit creation 160, 262, 264, 273, 362–3, 408
- credit easing 83
- credit expansion 129, 134, 139
- credit multiplier 10, 129, 132, 232, 242 *see also* money-multiplier model
- credit policy 197–8
- credit rationing 101, 109, 238, 330, 347
- credit-supply curve 15, 300–301, 332–4, 345–6, 367–8, 371, 399–403, 405–7
- creditworthiness 116, 152, 156, 159–60, 234, 238, 248, 329–30, 332, 334, 381, 398, 400, 404
- currency 31, 39–41, 56, 58, 61–2, 77, 95, 111, 183, 188, 203, 253–4 *see also* metallic money; paper money
- debasement of 177–80, 182–4
- devaluation 161–2, 309
- debt–capital ratio 14
- deflation 24, 28–9, 38, 77, 189, 198–9, 262, 269–70, 294
- deindustrialization 163
- Depository Trust and Clearing Corporation (DTCC) 54
- deregulation 156, 302, 319
- developing economies *see* emerging economies
- 'dirty' interest rate targeting 59
- discount rate 65, 134, 174, 190, 250, 270, 398, 400–402, 404–5, 407–8
- discount window 65, 252–3
- disinflation 310–16, 323
- division of labour 163
- double-entry bookkeeping 56, 386–7, 389, 391, 393
- dual currency system 29
- Dutch disease 146
- dynamic stochastic general equilibrium (DSGE) 280
- early horizontalism 94–5, 97, 108
- Economic Commission for Latin America and the Caribbean (ECLAC) 162
- economic crises *see* financial crises
- economic growth 10, 22–3, 46, 54, 148–9, 155, 157–8, 160–61, 163–5, 189, 200, 202–3, 217–22, 250, 252, 254–7, 316–19, 329, 347
 - and horizontalism 316–19
- economic stagnation 27, 146, 148, 150, 160, 198, 201
- EC.VAR (*n*) approach 136–8, 141
- electronic money 62, 70, 80–82, 216
- emerging economies 154–64
- e-money *see* electronic money
- employment 193, 288, 293 *see also* full employment; unemployment
- endogenous-money theory 14, 53, 72, 88, 92, 95, 100, 105–8, 124, 151, 164, 195, 204, 287–8, 317, 323, 333, 345, 347, 354, 368, 375,

- 379–80, 394, 398–401, 403, 408, 411–12, 415, 418 *see also* horizontalist–structuralist debates
- controversial issues 413–21
- current state of 254–6
- definition of 1–3, 93, 145–6, 247–51, 381–2
- and emerging economies 154–63
- evolutionary position *see* evolutionary position on endogenous money
- history of *see* monetary history
- and interest rates determination *see* rate of interest
- and the LM schedule 103–5 *see also* LM schedule
- negative function of 294–9
- positive function of 299–304
- and quantity theory 174–5, 185
- recent advances in 2–6
- recent developments in 216–19
- revolutionary position on 21, 23–4, 380, 383–9, 394
- single-period-continuation time framework 421–4
- theory of 93–5
- and the tyranny of demand of supply *see* tyranny of demand and supply
- entrepreneurial activity 148–9, 153, 160, 163, 165, 208–9, 212, 339, 345–6, 363–5
- equity 129, 131–5, 139
- equity credit multiplier 10, 132, 136–9
- euro area 10, 54–5, 57, 70, 73, 129, 135–41, 222, 270
- European Central Bank (ECB) 51, 61, 64, 73–5, 137, 210, 222
- European Monetary Union 52
- European Union 222
- Eurostat 137
- evolutionary position on endogenous money 21–3, 150–51, 245–6, 256–7, 380, 383
- consensus and controversy regarding 249–52
- critical appraisal 382–3
- and the current state of endogenous-money theory 254–6
- institutionalist contributions to the debates 252–4
- excess liquidity 74–6, 322
- exchange rates 4, 11, 33, 82, 126, 146, 157, 160–65, 200, 253, 309–10, 312–14, 317, 324, 333
- depreciation 160–62
- exogenous money 1, 5–7, 13–14, 22, 25, 29, 42–3, 60, 72, 74, 76–8, 88–97, 99–100, 103–4, 107–8, 112–13, 117, 124, 134, 151, 164–5, 173, 175, 177, 180, 185, 189–91, 194, 208, 215, 218, 228–31, 233, 237, 245, 248–9, 252–4, 256, 269, 287, 289, 292–4, 296, 299, 301, 306, 328, 338–9, 345–6, 354, 359–60, 369–72, 379, 382–3, 392–4, 399
- externalization process 158
- fallacy of division 109
- federal funds rate *see* policy interest rate
- Federal Reserve 42, 50–51, 54, 56–7, 59–61, 64, 66, 68, 71–2, 74–6, 78, 82, 253
- Federal Reserve Act (1913) 254
- fiat money 39–41, 174, 178, 183, 185, 252, 323, 383–5
- financial crises 32, 145, 148, 160, 162–3, 254, 295
- 1929 148, 150, 163
- 2008 1, 16, 83, 102, 138, 323, 347, 364
- financial fragility hypothesis 14, 148–9, 164, 347, 354, 363–8, 371
- First Bank of the United States 34–6, 44–5
- first financial era 145, 154
- fiscal policy 11, 74, 77, 93, 197–200, 202, 204, 215, 217–23, 255–6, 263, 310
- forced saving effect 277
- foreign direct investment 156, 160, 164
- France 55
- full employment 5, 165, 193, 199–201, 204, 209–10, 212–15, 218, 221, 247, 256, 289, 291–5, 299, 301, 304–6, 311

- general equilibrium theory 210, 216
- general principles of central-bank operations 50–51, 82–3
- Principle 1 51–3, 63, 69, 73, 76–7
- Principle 2 54–8, 60, 63, 74–5, 80
- Principle 3 57–60, 70, 74–5
- Principle 4 60–62, 67, 70, 74–5, 79–80
- Principle 5 62–5, 74–5, 80
- Principle 6 60, 65–7, 70, 72, 76, 79–80
- Principle 7 68–70, 78–9
- Principle 8 57, 66, 70–74, 76, 79–80
- Principle 9 73–7, 79
- Principle 10 70, 76–82
- General Theory* 11, 88–93, 100, 147, 173, 192, 208–12, 214, 218, 223–4, 246–7, 264, 266–70, 280, 288, 292–4, 300, 306, 318, 392
- Germany 55, 188, 202, 247
- ghost money 29, 43
- globalization 145, 154, 156
- gold 24, 26, 28, 33, 35–6, 38, 41, 43–5, 176–7, 180–82, 184, 186, 203, 253–4, 384–5, 387–91, 393 *see also* metallic money
- gold standard 28, 30, 33, 41, 111, 165, 183, 221, 247, 385, 388, 393
- goldsmith certificates 24, 31
- goldsmiths 24, 31, 37, 44–5, 114, 385, 387–91
- Government Accountability Office 56
- Greece 361
- green cheese factory 209–10, 213–14 *see also* central banks
- gross domestic product (GDP) 4, 54, 115, 126, 131, 133, 137, 141, 156–60, 164, 214, 221, 255, 272–3, 302–3, 309
- haircuts 131, 140
- helicopter drops 42, 58, 74, 185, 385
- high-powered money 3, 6, 8, 22–3, 25, 41–2, 91, 98–9, 105, 107, 113, 296, 360, 374
- horizontalism 6–10, 13, 15, 51, 75, 78, 80–82, 93–7, 102–3, 107–9, 112–13, 117, 120, 124–5, 130, 134, 139, 151–4, 164, 191, 216, 227–8, 240–41, 250–51, 263, 266, 270–72, 287–8, 295, 301–2, 304–6, 328–34, 336, 345, 353, 360, 367–8, 372, 380, 394, 399–400, 407–8, 411, 413, 416–21, 424–5 *see also* horizontalist–structuralist debates
- early 94–5, 97, 108
- and economic growth 316–19
- generality of the horizontal credit-supply curve 400–401
- indeterminacy of the dynamic credit-supply curve 402–7
- and inflation 319–23
- later 94, 108
- horizontalist–structuralist debates 1, 6–8, 12–13, 15, 50, 65, 94, 112–14, 129, 139, 227, 240, 245, 276, 287–8, 306, 329–37, 368, 380, 406–7, 411, 413, 416, 418, 424–5 *see also* horizontalism; structuralism
- imaginary money 29, 43
- import-substitution industrialization (ISI) model 155
- income distribution 5–6, 164–5, 197, 256, 277, 299, 305, 314–15, 321, 323
- income elasticities 104–5, 108, 163
- incomes policy 198, 201–2, 204, 311
- inflation 4–6, 13, 43, 76, 93, 103, 106, 108, 122, 125–6, 146, 152, 158, 160–61, 163–4, 189–90, 193–4, 198–203, 217–22, 224, 228, 250, 255–6, 262, 274–7, 279, 290–91, 295–8, 304–6, 310–12, 314–16, 319, 324–5, 333, 347, 353, 358, 393
- and horizontalism 319–23
- target 13
- information technology 80
- inside money 26, 30–33, 42, 46, 90–91
- institutionalist economics *see* evolutionary position on endogenous money
- insurance 44
- interbank deposit services 56 *see also* national payments system
- interbank market 3, 8, 10, 31, 53–4, 56, 58–9, 63–4, 67, 71–2, 78, 81, 112, 114, 117–25, 134, 137, 139, 150–51, 157–8, 165, 250, 252, 392

- interest being paid on reserves (IOR) 2
 interest rates *see* rate of interest
 Internal Rate Based (IRB) methods
 131, 140, 144
 International Monetary Fund 194,
 320
 intraday credit 55, 57–8, 60, 72, 75
 IS–LM model 10, 88, 103, 108, 190–91,
 212–14, 228–9, 247, 269, 280, 317,
 368
 Italy 55
 IY curve 210
- Japan 54–5, 73, 270
 Johansen procedure 135–8, 141
 joint-stock banking 38–9, 45–6
- Kaldor–Trevithick reflux mechanism
 419
 Kaleckian distribution and growth
 model 14, 329, 338–45, 347–8
 Kansas City rule 16
- labour theory of value 175, 178–82,
 186
 laissez-faire economy 209–10, 212–15,
 223, 246–7
 later horizontalism 94, 108
 Latin America 154–64, 189, 198
 Lehman Brothers 102
 lender of last resort 42, 74, 120–21,
 130, 150, 330
 leverage ratios 363–5, 371, 374–5
 liability management 7, 150–51, 250,
 252–3, 374, 380, 382
 liquidity 10, 12, 14, 36, 42, 45, 51,
 68–70, 74–5, 79, 107, 134, 146–7,
 149, 153, 157, 160–61, 165, 173,
 203, 212, 228, 231, 235, 254,
 267, 276–8, 300, 312, 321–2, 329,
 332, 334–5, 338, 345–6, 379, 381,
 415–18
 excess 74–6, 322
 liquidity preference theory 9, 12–13,
 88, 94, 100–101, 103, 107–8, 113,
 116, 147–8, 152, 163, 191, 209,
 213, 216, 221, 246, 249, 251, 263,
 266–70, 274–5, 277–80, 294, 304,
 306, 318, 330–31, 333, 337, 346,
 360, 368–72, 412, 415
- LM schedule 10, 88, 103–5, 108, 209,
 216, 229, 243, 249, 251, 270, 280,
 287, 368, 371, 374–5
 loan demand 23, 95–6, 98–102, 104,
 107–8, 113, 133, 291, 329, 332,
 334, 408
 loanable funds theory 263, 266,
 268
 loan-to-equity ratio 101–2, 144
 long-term interest rates 9, 97, 99–100,
 103–4, 106–8, 147–8, 150, 165,
 190, 197–8, 224
 Lucas critique 103
- maintenance period 52, 58, 60, 63–4,
 69, 71, 78–9
 manufacturing 45, 155, 162–3, 181,
 199–200, 313, 324
 market-clearing price mechanism
 353–4
 Marxism 145
 metallic money 9, 21, 24–32, 38, 41,
 43–5, 126, 179, 181–2, 382, 384–5,
 387–8, 390–91, 393–4
 Mexico 11, 154–64
 modern money theory 262
 monetarism 12, 42, 74, 77, 88–94,
 112–13, 121, 129, 134, 139, 193,
 195, 198–9, 202, 204, 230, 247–9,
 254–6, 314
 Kaldor on 188–9
 Monetary Control Act (1980) 63
 monetary history 21–5, 41–2
 metallic money systems 25–32
 paper money systems 32–41
 monetary policy 4–6, 8–9, 11–13, 16,
 29, 50, 59, 67, 73, 83, 92–3, 100,
 103, 105–8, 121–2, 126, 148, 150,
 154, 157, 159–60, 164, 189–90,
 194, 215–18, 221–3, 228, 230, 247,
 252, 255–6, 263, 270–71, 281, 287,
 292, 295, 298–9, 305, 310–13,
 316–17, 319, 323–5, 330, 332, 345,
 353, 393, 398, 404, 412, 416–17,
 420, 422–3
 alternatives to 199–205
 Kaldor on 196–205
 monetization 119, 253, 360–61,
 388–9
 money, definition of 25

- money creation 9, 11–12, 14, 23, 45, 100, 108, 112, 146–54, 164, 230, 232, 234, 241–2, 245, 322, 358, 360, 380–83, 387–8, 391–4, 407, 421
 - and emerging economies 154–63
- money demand 24, 88–90, 94, 97, 99–101, 103–5, 108–9, 113, 148–9, 151–2, 165, 196, 247, 263, 267, 271–5, 292, 295–8, 318–19, 359
 - see also* tyranny of demand and supply
 - redundancy of the concept of 234–6
- money destruction 146–54, 164, 241
 - and emerging economies 154–63
- money supply 88–93, 95–7, 100–101, 107–8, 129–30, 139, 147, 156, 177, 216, 218, 249, 251, 253, 256, 272–5, 292, 318–19, 367, 375, 398, 411, 415–16, 421–3 *see also* tyranny of demand and supply
- curve 228–32, 242, 271, 287, 330, 332–3, 346, 370–71
- terminology 232–4
- money-multiplier model 2, 8–9, 57–60, 62–3, 69–70, 73, 83, 88, 90–93, 96–7, 108, 117, 130, 196, 317, 321, 382, 398 *see also* credit multiplier
- money-supply process 10
- mortgages 39–40, 46, 106, 311–12, 324–5, 415–16
- multi-bank system 10, 114, 117
- multinational enterprises 159–60, 164
- Mundell–Tobin effect 277, 279

- national debt 77
- national payments system 54, 56–9, 113, 117–18, 121–3
- natural rate of interest 4, 6, 262–5, 268, 276, 290–92
- near-standard assets 33, 36
- neoclassical economics 2, 4, 9, 12, 50–51, 53, 59–60, 62, 74–5, 82–3, 215–16, 236, 245, 247, 277, 290, 293–9, 304, 306, 354–5, 361, 368, 394
 - analytical role of money in 288–92
- neo-Keynesian macroeconomics 90–93, 96, 100, 108, 314
- neoliberalism 156–7, 204
- neo-Wicksellian models 262–3, 272
- Netherlands 55, 201
- new classical economics 222, 247–9, 254–6, 314, 353
- new consensus model 50, 204, 217, 262–3, 272, 287, 296
- new credit multiplier 129
- New Keynesianism 210, 216–19, 223, 255–7, 287
 - horizontalism and inflation 319–23
- New Zealand 13, 66, 309–10, 323–5, 415
 - horizontalism and economic growth 316–19
 - money disinflation in 1986–93 310–13
 - post-Keynesianism theory of monetary disinflation 313–16
- Nine Years War 34, 44
- nominal interest rates 91–2, 265–72, 275–7, 292, 294, 304, 413–14, 416, 423
 - alternative theories of determination 265–72
- normal rate of interest 215
- Northern Rock 415
- Norway 66

- Official Cash Rate (OCR) 316
- oil price shock 309–10
- oligopolistic market structure 156, 160
- open-market operations 42, 56, 61–2, 64, 68–9, 75–9, 105, 109, 155, 157, 190, 192, 232, 252–3
- open mouth operations 316
- ‘operation twist’ interventions 106
- opportunity costs 52, 91, 323
- outside money 25, 42, 44, 53, 73, 90–92, 95, 97, 117, 217
- overdrafts 53, 58–9, 65, 70–73, 75–6, 205
- overnight call rate *see* policy interest rate
- overnight credit 55–61, 68–9
- overnight rate of interest 64–5, 69, 72, 122–5, 275 *see also* policy interest rate

- paper money 9, 21, 32–41, 44–6, 179, 181–2, 253, 387, 389–90

- paradox of debt 14, 344–5, 348, 364
 ‘park it’ policy 275
 Pasinetti rule 16
 payments systems crises 50
 penalty rates 52–3, 58–9, 61–3, 65, 67, 69–72
 pension reform 83
 Pigou effect 208, 217, 269–70
 policy interest rate 8, 10, 13, 96, 99, 103–6, 109, 125, 145–7, 153, 161, 262, 270, 272, 274–80, 319, 323
see also overnight rate of interest
 Policy Targets Agreement (PTA) 312
 Ponzii financial structures 149, 164, 365
 portfolios 88, 113, 132, 134, 140, 157, 240, 355–6, 358, 360–31, 372, 416, 419–23
 Portugal 180–81, 198
 post-Keynesianism 77, 80, 82–3, 88, 92–5, 97, 101, 107–8, 112, 124–5, 130, 132, 134, 145–8, 154, 249, 287–8, 296, 306, 328–30, 333, 346–7, 379–85, 387, 392–4, 398–9, 401, 404–8, 412, 425 *see also* endogenous-money theory; horizontalism; structuralism
 and a coherent stock-flow framework 353–4, 361, 365, 367–78
 and interest rates determination 263, 272
 in New Zealand 310, 314, 319, 321, 323–5
 and the principle of effective demand 208, 210–14, 216–23
 and quantity theory 174, 185
 theory of monetary disinflation 313–16
 pre-capitalist system 150, 153
 precious metals 24, 26–30, 32–3, 41, 43–4, 114, 126, 176–7, 252, 384, 392–3 *see also* gold; silver
 price freezes 309–11
 price stability 126, 165, 201, 210, 222–3, 254–5, 310
 price stickiness 208
 Primary Dealer Credit Facility 74
 principle of effective demand 11–12, 208–10, 223–4
 and assessment of post-Keynesian monetary economics 219–23
 Keynes’s versus post-Keynesian versions of 210–14
 policy implications of 214–16
 recent developments in 216–19
 private banks 37–8, 44, 50, 62, 80, 113, 118, 125, 215–16, 332
 private sector 43, 57, 75–7, 80, 105, 113, 125, 155–6, 158, 174, 209, 212–15, 221–2, 230, 233, 355, 398, 404
 privatization 158, 310
 public banks 33–7, 41–2, 44–5
 public bonds 155–7, 159
 public sector 40, 122, 124, 160, 361, 412, 419
 purchasing power 111, 114–16, 119–20, 125, 179, 390
 quantitative easing 2–3, 73, 83, 106–7, 154, 281
 quantity theory of money 8, 11, 70–73, 173–4, 185, 247–9, 256, 290–92, 295–7, 316, 323, 393
 the classics and their interpreters 174–8
 Kaldor on 189–96
 long run and short run 183–5
 Ricardo as quantity theorist 178–82
 Radcliffe Committee 193–8, 203
 rate of interest 1–3, 5–6, 8, 10–14, 16, 66–78, 82, 94–6, 98–101, 105–7, 109, 113, 126, 146, 149–52, 154, 157, 159–62, 164–5, 191, 193–200, 209, 211–13, 216–18, 224, 228, 233, 239–40, 243, 246, 249–53, 256, 262–3, 287, 289, 294–5, 297–9, 302–6, 312, 319, 323–5, 329–32, 335–6, 339, 344–8, 356, 358, 362, 365, 367–70, 372, 375, 392, 398–401, 403, 408, 412–17, 419
 in basic Kaleckian monetary distribution model 338–45
 bond rate 98–101, 104, 360

- liquidity preference theory 9, 12–13, 88, 94, 100–101, 103, 107–8, 113, 116, 147–8, 152, 163, 191, 209, 213, 216, 221, 246, 249, 251, 263, 266–70, 274–5, 277–80, 294, 304, 306, 318, 330–31, 333, 337, 346, 360, 368–72, 412, 415
- long-term 9, 97, 99–100, 103–4, 106–8, 147–8, 150, 165, 190, 197–8, 224
- natural 4, 6, 262–5, 268, 276, 290–92
- negative 2–3
- nominal 91–2, 265–72, 275–7, 292, 294, 304, 413–14, 416, 423
- normal 215
- overnight 64–5, 69, 72, 122–5, 275
- policy interest rate 8, 10, 13, 96, 99, 103–6, 109, 125, 145–7, 153, 161, 262, 270, 272, 274–80, 319, 323
- and quantity theory 173
- real interest rates 4, 12–13, 212, 217–19, 221, 228–9, 255, 263–5, 273–9, 289–92, 294, 296, 304, 314, 368
- short-term 64, 79–80, 98–100, 103–6, 108, 121–4, 147, 150, 152, 165, 197, 224, 249–50, 270, 287, 299–300
- targeted 52, 57–65, 67–70, 73–83, 92–3, 96–7, 100, 106, 124, 298, 300, 304
- and the volume of loans *see* supply of loans
- zero 50
- real balance effect *see* Pigou effect
- real interest rates 4, 12–13, 212, 217–19, 221, 228–9, 255, 263–5, 273–7, 289–92, 294, 296, 304, 314, 368
 - two-equation model of 278–9
- real wages 164, 274, 279, 288–9
- recession 83, 302, 314–15, 346, 363
- reflux principle 112
- rentiers 5, 148, 155, 163–4, 339, 341–2, 348
- Reserve Bank of Australia 302
- Reserve Bank of New Zealand 309, 311–12, 316–17, 324–5
- Reserve Bank of New Zealand Act (1989) 311–12
- reserves 2–3, 21–3, 51–4, 56–65, 67, 69–70, 74–83, 107, 112–13, 121–2, 130, 145–6, 149–54, 159–60, 164, 233, 250, 252–3, 312, 330, 333, 346, 382, 391, 398, 413–16, 420, 423–4 *see also* settlement balances
 - borrowed 98–9, 101–2, 107
 - reserve requirements 58–9, 62–6, 69–74, 79–80, 90–91, 107, 118, 121–2, 126, 130, 369–70, 415
 - short-term 216
- reserves-to-loans ratio 101–2
- retail sweep accounts 50, 52, 64–5, 70
- revolutionary position on endogenous money 21, 23–4, 380, 383–9, 394
- risk assessments 330, 333, 337–8, 345–6
- Say's law 211–12, 247, 365
- Second Bank of the United States 34–6, 45
- second financial era 145–6, 154, 165
- secondary-export model (SEM) 156–8
- securitization 80
- settlement balances 2, 121–5, 151, 216, 316, 392 *see also* reserves
- short-term interest rates 64, 79–80, 98–100, 103–6, 108, 121–4, 147, 150, 152, 165, 197, 224, 249–50, 270, 287, 299–300
- silver 26–8, 33, 36, 38, 41, 43–5, 176–7, 186 *see also* metallic money
- silver standard 33, 41
- small and medium-sized firms 159–60
- Smithin rule 16
- socialization of investment 210, 214–16, 218, 223
- specie 32–3, 35–6, 38–9, 41–6, 385
 - price–specie flow mechanism 180–82
- speculative financial structures 149
- Stability and Growth Pact 222
- stabilization 33, 42, 45, 63–4, 146, 198–9, 202–4, 246, 248, 255, 257
- stagflationary crisis 200, 203, 309
- standard asset 25, 42, 44
- stock–flow framework 14
- structuralism 6–10, 13–15, 51, 88, 93–4, 97–103, 108–9, 113, 117, 120, 124–5, 130, 132, 134, 139,

- 148–9, 151, 154, 189, 216, 227,
240, 250–51, 271–2, 287–8, 295,
300–302, 304, 306, 328–9, 333–6,
345, 347, 353, 363, 368, 370–71,
380, 399–401, 403–8, 411–14,
416–21, 424–5 *see also*
horizontalist–structuralist
debates
refining the structuralist model
100–103
supply of loans 227, 236–9, 241–2
supply of money curve 228–32, 242,
271, 287, 330, 332–3, 346,
370–71
Sweden 54–5, 57, 66, 201, 415
Switzerland 54–5, 57
- Taylor rule 217, 255, 296, 304–6, 374
Term-Auction Facility (TAF) 74–6
Tesobonos 157
Thatcherism 202
tier 1 capital 131–2, 140–41
tier 2 capital 132, 140–41
time deposits 95, 369–71
‘too big to fail’ banks 102
trade unions 202, 309, 311
transaction costs 235–6, 298
Treaty on European Union 222
tyranny of demand and supply 12,
227–8, 241–3
after the short run 239–41
redundancy of money demand
concept 234–6
supply of loans 227, 236–9, 241–2
supply of money curve 228–32,
242, 271, 287, 330, 332–3, 346,
370–71
terminology 232–6, 238, 241–2
- underemployment 174
unemployment 11, 13, 152, 189–90,
202–3, 208–9, 213–14, 247, 255,
288–9, 291–4, 299, 302, 304–6,
309, 312–14, 381
unincorporated banks 37–9
United Kingdom *see* Bank of England;
Bank of Scotland 54–5, 57, 66, 72,
113, 177, 180–82, 197–8, 200, 203,
246, 374, 384, 390, 413, 415
United Nations 202–3
United States 54–5, 57–8, 64–5, 70–73,
75–6, 79, 82, 113, 140, 195, 198–9,
201, 210, 246–8, 253–4, 257, 270,
295, 347, 361, 408, 413, 415
central bank *see* First Bank of the
United States
central banks *see* Second Bank of
the United States
- vector autoregressive (VAR) bivariate
technique 135–6
- wages 37–8, 40, 45, 147, 152–3, 161–4,
189–91, 193–4, 198–9, 201–2, 208,
218–19, 224, 249, 255, 293–4, 309,
311, 314–15, 339, 341, 356–7, 381
real wages 164, 274, 279, 288–9
wage bill 116–17, 151, 202, 272–3
wage-earners 15–16, 32, 38, 43, 45,
411–12, 418–24
Walras’s law 210, 289, 356
wealth effect 77
Wicksellian analysis 292, 301
Yale School 101
zero interest rates 50

