Money and Credit in Capitalist Economies

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Abstract

This widely acclaimed book argues that money is not the product of a simple deposit multiplier process. The impressive analysis includes discussions of the origins and nature of money and of the evolution of monetary institutions and theory. Unlike other recent works on 'endogenous money', this book incorporates liquidity preference theory within the analysis by carefully distinguishing money from liquidity and by showing how money, but not liquidity, is created on demand. This naturally leads to a role for liquidity preference in the determination of interest rates. Extensions then link money to financial instability, the expenditure multiplier, credit, saving, investment, development, deficits and growth.

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