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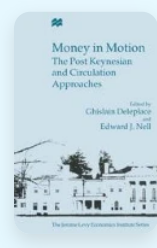
Beyond Scarcity: A Reappraisal of the Theory of the Monetary Circuit

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Money in Motion

[Alain Parguez](#)

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Abstract

Hayek's last words on Keynes's economics prove that for him Keynes could not be redeemed of his sin against the first commandment of the economist — to believe in the scarcity principle.¹ Believing in the principle is to know that economics as a science exists because productive resources, society's capital fund, are (and always will be) scarce relative to society's desire or lust for consumption. Rational behaviour, market, competition, price mechanism are just the set of institutions

allocating this scarce capital in the most efficient way. The *sine qua non* of an increase in the accumulation of such a scarce capital is *saving*. Saving is that share of its real income that society does not want to spend for its current consumption: as soon as current saving is greater than depreciation, the available capital fund is increased. Hayekian saving is pure thriftiness assessing society's ability to postpone over time the satisfaction of its desires.

The author wishes to thank Ghislain Deleplace (Université de Paris VIII), Thomas Ferguson (University of Massachusetts), Edward Nell (New School) and Mario Seccareccia (University of Ottawa) who worked hard on the first draft of this paper.

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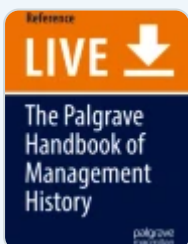
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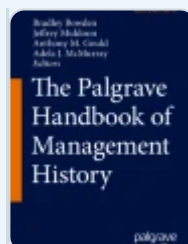
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About this chapter

Cite this chapter

Parguez, A. (1996). Beyond Scarcity: A Reappraisal of the Theory of the Monetary Circuit. In: Deleplace, G., Nell, E.J. (eds) Money in Motion. The Jerome Levy Economics Institute Series. Palgrave Macmillan, London. https://doi.org/10.1007/978-1-349-24525-3_7

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