

SOME REAL EVIDENCE ON THE REAL BILLS DOCTRINE VERSUS THE QUANTITY THEORY

THOMAS J. CUNNINGHAM

First published: April 1992

<https://doi.org/10.1111/j.1465-7295.1992.tb01664.x>



Abstract

Researchers interested in testing between the Real Bills doctrine and the Quantity Theory approach to inflation in the face of rapid, deficit-financing money growth are confronted by an observation equivalence problem. This paper identifies a data set which resolves the dilemma and tests the two inflation models. The results provide clear evidence supporting the Real Bills doctrine, that the value of assets backing money determines its value, over the Quantity Theory.

References

Bomberger, William A., and Gail E. Makinen. The Hungarian Hyperinflation and Stabilization of 1945-46. *Journal of Political Economy*, October 1983, 801-24.

[Google Scholar](#)

Darby, Michael R. Some Pleasant Monetarist Arithmetic. *Quarterly Review*, Federal Reserve Bank of Minneapolis, Spring 1984, 15-20.

[Web of Science®](#) | [Google Scholar](#)

Hakkio, Craig S., and Mark Rush. Is the Budget Deficit 'Too Large?' *Economic Inquiry*, July 1991, 429-45.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Kuo, Shirley W. Y. *The Taiwan Economy in Transition*. Boulder , Colorado : Westview Press, 1983.

[Google Scholar](#) 

Laidler, David. Misconceptions about the Real Bills Doctrine: A Comment. *Journal of Political Economy*, February 1984, 149–55.

[Google Scholar](#) 

Makinen, Gail E. The Greek Stabilization of 1944-46. *American Economic Review*, December 1984, 1067–74.

[Google Scholar](#) 

Phelps, E. S. Obstacles to Curtailing Inflation,” in *Essays in Post Keynesian Inflation*, edited by J. H. Gapinski and C. E. Rockwood. Cambridge , Mass. : Ballinger Publishing Co., 1979, 179–88.

[Google Scholar](#) 

Sargent, Thomas J. The Ends of Four Big Inflations,” in *Inflation: Causes and Effects*, edited by R. Hall. Chicago : University of Chicago Press, 1982, 1972.

[Google Scholar](#) 


“ Stopping Moderate Inflations: The Methods of Poincare and Thatcher,” in *Inflation, Debt, and Indexation*, edited by R. Dornbusch and M. H. Simonsen. Cambridge : MIT Press, 1983, 54–96.

[Google Scholar](#) 

Sargent, Thomas J., and Neil Wallace. Some Unpleasant Monetarist Arithmetic. *Federal Reserve Bank of Minneapolis Quarterly Review*, Fall 1981, 1–17.

[Google Scholar](#) 

Siklos, Pierre L. The Link between Money and Prices under Different Policy Regimes: The Postwar Hungarian Experience. *Explorations in Economic History*. 27. 1990. 468–82.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#) 

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

" American Colonial Monetary Regimes: The Failure of the Quantity Theory and Some Evidence in Favour of an Alternate View. Canadian Journal of Economics, 1985, 521-65.

[Google Scholar](#) 

Taylor, John B. Monetary Policy During a Transition to Rational Expectations. Journal of Political Economy, December 1975, 1009-21.

[Google Scholar](#) 

Citing Literature 

[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

HELP & SUPPORT

[Contact Us](#)

[Training and Support](#)


[DMCA & Reporting Piracy](#)

[Sitemap](#)

OPPORTUNITIES

[Subscription Agents](#)

[Advertisers & Corporate Partners](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#) 

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



Manage Preferences

Accept All

Reject Non-Essential