

[Working Papers](#)

The Price Level, the Quantity Theory of Money, and the Fiscal Theory of the Price Level

David B. Gordon & Eric M. Leeper

SHARE



WORKING PAPER 9084

DOI 10.3386/w9084

ISSUE DATE July 2002

We consider price level determination from the perspective of portfolio choice. Arbitrages among money balances, bonds, and investment goods determine their relative demands. Returns to real balance holdings (transactions services), the nominal interest rate, and after-tax returns to investment goods determine the relative values of nominal and real assets. Since expectations of government policies ultimately determine the expected returns to both nominal and real assets, monetary and fiscal policies jointly determine the price level. Special cases of the fiscal and monetary policies considered produce the quantity theory of money and the fiscal theory of the price level.

[Download a PDF](#)

[Information on access](#)

Acknowledgements and Disclosures



Citation and Citation Data



Published Versions

Gordon, David B. and Eric M. Leeper. "[The Price Level, The Quantity Theory Of Money, And The Fiscal Theory Of The Price Level](#)," *Scottish Journal of Political Economy*, 2006, v53(1,Feb), 4-27. citation courtesy of [RePEc](#)

Related

TOPICS

Macroeconomics
Business Cycles
Money and Interest Rates

PROGRAMS

Economic Fluctuations and Growth

More from the NBER

In addition to [working papers](#), the NBER disseminates affiliates' latest findings through a range of free periodicals — the [NBER Reporter](#), the [NBER Digest](#), the [Bulletin on Health](#), and the [Bulletin on Entrepreneurship](#) — as well as online [conference reports](#), [video lectures](#), and [interviews](#).



Martin Feldstein Lecture, Summer Institute 2025
The Fiscal Future

N. Gregory Mankiw, Harvard University and NBER
July 10, 2025

2025, 17th Annual Feldstein Lecture, N. Gregory Mankiw, "The Fiscal Future"

FELDSTEIN LECTURE

PRESENTER: N. GREGORY MANKIW

N. Gregory Mankiw, Robert M. Beren Professor of Economics at Harvard University, presented the 2025 Martin Feldstein...



Methods Lecture, Summer Institute 2025
**Uncovering Causal Mechanisms:
Mediation Analysis and
Surrogate Indices**

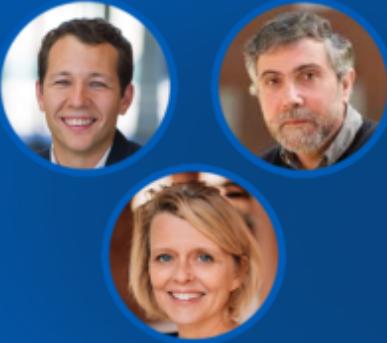
Raj Chetty, Harvard University and NBER
Kosuke Imai, Harvard University
July 24, 2025



**2025, Methods Lecture, Raj Chetty and Kosuke Imai, "Uncovering Causal Mechanisms:
Mediation Analysis and Surrogate Indices"**

PRESENTERS: [RAJ CHETTY](#) & [KOSUKE IMAI](#)

SlidesBackground materials on mediation
Imai, Kosuke, Dustin Tingley, and Teppei Yamamoto. (2013). "Experimental Designs..."



International Trade and Macroeconomics, Summer Institute 2025

Panel on The Future of the Global Economy

Oleg Itskhoki, Harvard University and NBER

Paul Krugman, City University of New York and NBER

Linda Tesar, University of Michigan and NBER

July 8, 2025

2025, International Trade and Macroeconomics, "Panel on The Future of the Global Economy"

PANEL DISCUSSION

PRESENTERS: [OLEG ITSKHOKI](#), [PAUL R. KRUGMAN](#) & [LINDA TESAR](#)

Supported by the Alfred P. Sloan Foundation grant #G-2023-19633, the Lynde and Harry Bradley Foundation grant #20251294...

National Bureau of Economic Research

Contact Us

1050 Massachusetts Avenue

Cambridge, MA 02138

[617-868-3900](tel:617-868-3900)

info@nber.org

webaccessibility@nber.org

Accessibility Policy

Diversity Policy

Privacy Policy

FOLLOW



© 2026 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.