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Why is money important in Jean-Baptiste Say's analysis?

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Abstract

Jean-Baptiste Say dedicated a significant part of his work to monetary questions, as much to explain the monetary practices of his period and to propose concrete measures to improve certain elements, as to develop theoretical reflections on the role of money in the mechanisms that political economy sheds light upon. His thought for that matter is not always devoid of contradictions when it comes to reconciling the results of observation with certain dimensions of his analysis. The article explains his conception of money. A variation in its quantity has an impact not only on prices, but also on the real economy, favourable when this issue is slow and moderate, but negative, on the other hand, when it is fast and large-scale. This leads to the measures of monetary policy recommended by Say.

Keywords:

Say money banknotes monetary theory monetary policy

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Disclosure statement

No potential conflict of interest was reported by the authors.

Notes

1 This Society boosted right from its creation the publishing of a special issue of the review Innovations – Journal of Innovation Economics and Management (45, 2014/3) fully dedicated to Jean-Baptiste Say.

2 Reedited in Say (1821a, 1826a, 1834).

3 The quotations are from the English translation of the fourth edition of the Treatise that Charles Robert Prinsep published in 1821 (Say 1821b). The quotations taken from other editions of the Treatise or other of Say's texts make use of our own translation. The references given for the Treatise and the Complete Course are those of the Œuvres complètes (Complete Works) published by Economica.

4 Whilst acknowledging Ricardo's reputation in monetary matters and its theoretical foundation, as is shown by the following extract, Say clearly differentiates himself:

An English author whose opinion carries great weight on the subject and whom I therefore cannot ignore, David Ricardo, said on the occasion of this doctrine, that the extend of the demand has no influence on the value of silver or any other commodity; and that the value of all things is irrevocably determined by their production costs […] I do not believe I am wrong. (Say [1828] 2010, vol. 1, p. 410)

5 Say formulates it in this way in the second edition of the Treatise: “if the needs of society call for gold and silver, the level of their value, relative to the other commodities, ensures from then on benefits for the merchants who have them brought in” (Say [1814] 2006, vol. 1, p. 248).

6 “They are trust notes, as one receives them voluntarily; it is in virtue of the trust one has in the promises of the company which undertakes to refund them.” (Say [1828] 2010, vol. 1, p. 475)

7 On Ricardo's first monetary writings, see Ricardo (1962).

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