Modern Monetary Theory And Practice An Introductory Text

Everybody uses money every day, but we rarely stop to think about how money works. In this book, scholars from different disciplines seek to answer that question: from historians to economists, sociologists, a philosopher and a physicist. Document from the year 2014 in the subject Economics - Monetary theory and policy, , language: English, abstract: This is a textbook for students and practitioners alike. It intends to explain the theoretical background of monetary policy. It is based on the author's German book "Geldtheorie und Geldpolitik.

Monetary policy has increasingly become the focus of economists and investors. This report describes the factors driving interest rates across the economic cycle. Written by an experienced fixed income analyst, it explains in straightforward terms the theory that lies behind central bank thinking. Although monetary theory appears complex and highly mathematical, the text explains how decisions still end up being based upon qualitative views about the state of the economy. The text makes heavy use of charts of historical data to illustrate economic concepts and modern monetary history. The report is informal, but contains references and suggestions for further reading. This is the second report published by BondEconomics.

In the wake of the 2008 financial crisis, central banks created trillions of dollars of new money, and poured it into financial markets. ‘Quantitative Easing’ (QE) was supposed to prevent deflation and restore economic growth. But the money didn’t go to ordinary people: it went to the rich, who didn’t need it. It went to big corporations and banks – the same banks whose reckless lending caused the crash. This led to a decade of stagnation, not recovery. QE failed. In this book, Frances Coppola makes the case for a ‘people’s QE’, in which the money goes directly to ordinary people and small businesses. She argues that it is the fairest and most effective way of restoring crisis-hit economies and helping to solve the long-term challenges of ageing populations, automation and climate change.

This Palgrave Pivot assesses the validity of Modern Money Theory’s approach to macroeconomic policy, specifically monetary and fiscal policy. Whereas other papers have focused primarily on theoretical and doctrinal issues, this book focuses primarily on an analysis of MMT’s policy approach. Though drawing on academic literature, this book’s approach is empirical and policy-based, making it accessible to scholars and the public alike. It addresses a burning question in the policy and politics of the US and elsewhere where MMT is gaining a policy foothold, especially among progressive activists and politicians: Is MMT, in fact, a good guide for progressive macroeconomic policy? The main focus of this book is to explain why the answer to this question is no. A New York Times Bestseller The leading thinker and most visible public advocate of modern monetary theory -- the freshest and most important idea about economics in decades -- delivers a radically different, bold, new understanding for how to build a just and prosperous society. Stephanie Kelton’s brilliant exploration of modern monetary theory (MMT) dramatically changes our understanding of how we can best deal with crucial issues ranging from poverty and inequality to creating jobs, expanding health care coverage, climate change, and building resilient infrastructure. Any ambitious proposal, however, inevitably runs into the buzz saw of how to find the money to pay for it, rooted in myths about deficits that are hobbling us as a country. Kelton bursts through the myths that prevent us from taking action: that the federal government should budget like a household, that deficits will harm the next generation, crowd out private investment, and undermine long-term growth, and that entitlements are propelling us toward a grave fiscal crisis. MMT, as Kelton shows, shifts the terrain from narrow budgetary questions to one of broader economic and social benefits. With its important new ways of understanding money, taxes, and the critical role of deficit spending, MMT redefines how to responsibly use our resources so that we can maximize our potential as a society. MMT gives us the power to imagine a new politics and a new economy and move from a narrative of scarcity to one of opportunity.

"Here, Warren Mosler identifies and debunks seven entrenched ideas keeping the economy in a downward trajectory. In this ... book, he exposes commonly-held beliefs, such as 'deficits leave the debt burden to our children' and 'Social Security is broken,' to be economic myths. In addition to correcting these mindsets, Mosler promotes the restoration of the American economy with practical and feasible proposals. Along the way, he explains the operational realities of the monetary system in clear, down-to-earth language"--Book jacket.

A critical examination of economics' past and future, and how it needs to change, by one of the most eminent political economists of our time The dominant view in economics is that money and government should play only minor roles in economic life. Economic outcomes, it is claimed, are best left to the "invisible hand" of the market. Yet these claims remain staunchly unsettled. The view taken in this important new book is that the omnipresence of uncertainty makes money and government essential features of any market economy. Since Adam Smith, classical economics has espoused non-intervention in markets. The Great Depression brought Keynesian economics to the fore; but stagflation in the 1970s brought a return to small-state orthodoxy. The 2008 global financial crash should have brought a reevaluation of that stance; instead the response has been punishing austerity and anemic recovery. This book aims to reintroduce Keynes’s central insights to a new generation of economists, and embolden them to return money and government to the starring roles in the economic drama that they deserve. Alan S. Blinder offers the dual perspective of a leading academic macroeconomist who served a stint as Vice-Chairman of the Federal Reserve Board—one who practiced what he had long preached and then returned to academia to write about it. He tells central bankers how they might better incorporate academic knowledge and thinking into the conduct of monetary policy, and he tells scholars how they might reorient their research to be more attuned to reality and thus more useful to central bankers. Based on the 1996 Lionel Robbins Lectures, this readable book deals succinctly, in a nontechnical manner, with a wide variety of issues in monetary policy. The book also includes the author’s suggested solution to an age-old problem in monetary theory: what it means for monetary policy to be "neutral."

This collection of essays from leading economists in the MMT debate offers the reader a range of viewpoints from which to become informed about what is set to be a significant part of economic policy discussion in the coming years. Soft Currency Economics is the little book that could logically, in both real and nominal terms, legitimately challenge many of the core held beliefs of the mainstream classical and neo-classical schools of economics. It is a corner stone publication for the new, widely popular fresh approach to economics that has come to be called Modern Monetary Theory (MMT). It explains with actual facts, not theory, and with non-technical language, the true operational realities of our monetary system (central banks and private banks). The author, a 40 year 'insider' in monetary operations, and a very successful fixed income hedge fund manager, wrote this book in 1993 after witnessing the markets drastically discount sovereign debt on the errant belief that market forces could force nations into default on debt payable in their own currency, and that austerity was the only solution. This was contrary to the
author's understanding of what are called fiat currencies, where governments always have the ability to meet all obligations in a timely manner. As a result of this experience, the author took up the task of educating government officials on how the monetary system operated with the hope that with this understanding they would be free to ensure that the government acted for the public purpose and achieved their stated goals of full employment and price stability. Initially published in 1993, this book will utterly convince many readers that what they thought they knew about monetary policy is wrong. The book describes: what is money; why debt monetization and the money multiplier are myths; how fiscal and monetary policy can be used effectuate full employment; deficits do not cause countries to default on their debt unless that is the decision.

A major work of financial theory and practice with immediate relevance to the rebuilding of the economy, and restoring the promise of equality. When the government decides to spend money, it simply creates the necessary funds for itself—as if out of thin air. That's how we pay for interstate highways, post offices, wars, social services, and economic stimulus packages. If it's that easy to make money . . . can we all get more of it? Absolutely. And we should. So argue financial regulation expert Robert Hockett and bestselling philosopher Aaron James in this eye-opening, irreverent, and inspiring exploration of what the dollar really is. And better still, they show how we can build an economy that works for everybody without unwanted taxes and added regulations. In the process, we learn how disingenuous the political rhetoric surrounding inflation can be, how the demonized concept of the deficit is really just another way of tallying our collective national wealth, and how a strong central bank could free us from the abuses of private banking. With broad historical background and ambitious yet practical institutional proposals, Hockett and James offer a new vision of public finance--people's banking for a people's economy. Armed with this new outlook, we can even stop worrying debt and learn to love a strong, accountable, and transparent Federal Reserve as a cornerstone of our democracy.

In sum, the books thoroughly and practically address central banking and monetary policy issues which are clearly and superbly exposed by academic, economist and central banking superstars. . . both volumes are certainly recommended.” - Gabriel Gómez Giglio, Journal of International Banking Law Commenting on the quality of the contributors when opening the conference on which these books are based, the former Governor of the Bank of England, Sir Edward George, said “I cannot remember ever before having had such a galaxy of academic economist and central banking superstars gathered together under one roof!”

Modern Monetary Theory and Practice: An Introductory Text is an introductory textbook for university-level macroeconomics students. It is based on the principles of Modern Monetary Theory (MMT) and includes the following detailed chapters:

Chapter 1: Introduction

Chapter 2: How to Think and Do Macroeconomics

Chapter 3: A Brief Overview of the Economic History and the Rise of Capitalism

Chapter 4: The System of National Income and Product Accounts

Chapter 5: Sectoral Accounting and the Flow of Funds

Chapter 6: Introduction to Sovereign Currency: The Government and its Money

Chapter 7: The Real Expenditure Model

Chapter 8: Introduction to Aggregate Supply

Chapter 9: Labour Market Concepts and Measurement

Chapter 10: Money and Banking

Chapter 11: Unemployment and Inflation

Chapter 12: Full Employment Policy

Chapter 13: Introduction to Monetary and Fiscal Policy

Chapter 14: Fiscal Policy in Sovereign nations

Chapter 15: Monetary Policy in Sovereign Nations

It is intended as an introductory course in macroeconomics and the narrative is accessible to students of all backgrounds. All mathematical and advanced material appears in separate Appendices.

Offering an introduction to the Japanese political system, this book covers the end of the Koizumi era, the brief and troubled premiership of Abe, and the selection of Fukuda as prime minister. It includes material on “bubble” and “post-bubble” economic developments, as well as coverage of health care policy.

This groundbreaking new core textbook encourages students to take a more critical approach to the prevalent assumptions around the subject of macroeconomics, by comparing and contrasting heterodox and orthodox approaches to theory and policy. The first such textbook to develop a heterodox model from the ground up, it is based on the principles of Modern Monetary Theory (MMT) as derived from the theories of Keynes, Kalecki, Veblen, Marx, and Minsky, amongst others. The internationally-respected author team offer appropriate fiscal and monetary policy recommendations, explaining how the poor economic performance of most of the wealthy capitalist countries over recent decades could have been avoided, and delivering a well-reasoned practical and philosophical argument for the heterodox MMT approach being advocated. The book is suitable for both introductory and intermediate courses, offering a thorough overview of the basics and valuable historical context, while covering everything needed for more advanced courses. Issues are explained conceptually, with the more technical, mathematical material in chapter appendices, offering greater flexibility of use.

Commenting on the quality of the contributors when opening the conference on which these books are based, the former Governor of the Bank of England, Sir Edward George, said “I cannot remember ever before having had such a galaxy of academic economist and central banking superstars gathered together under one roof!” Celebrating the contribution that Charles Goodhart has made to monetary economics and policy, this unique compendium of original papers draws together a highly respected group of international academics, macrobankers and financial market regulators covering a broad range of issues in modern monetary economics. Topics discussed include:* central bank independence* credibility and transparency* the inflation forecast and the loss function* monetary policy experiences in the US and the UK* the implications of Goodhart's Law* the benefits of single versus multiple currencies* money, near monies and credit. Each chapter of the volume relates to subjects that have been research projects in Charles Goodhart's wide-ranging portfolio, and all are interconnected. Through these, the book offers a summary of current thinking and insights into monetary controversies. Covering recent thinking on monetary theory, central banking, financial regulation and international finance, academic and professional economists alike will find this book an invaluable source of information. The companion volume examines monetary history, exchange rates and financial markets.

Macroeconomics is an outgrowth from the main stream of classical monetary theory following Keynes. Keynes changed the emphasis from determination of the level of money prices to determination of the level of output and employment. He also changed the key relationship from demand and supply of money as determining the price level to the relationship between consumption expenditure and income, in conjunction with private investment expenditure, as determining the level of output and therefore employment demanded. The income multiplier replaced the velocity of circulation as the key concept of monetary theory. The tendency of the past twenty-five years has been to reintegrate Keynesian and classical monetary theory into one general system of analysis. Moreover, as inflation has succeeded mass unemployment as a major policy problem, interest in classical monetary theory has revived, while Keynesians have increasingly emphasized the monetary aspects of Keynesian theory. The proper contemporary distinction is not between two separate branches of economic theory, but between two areas of application or contexts of the theory of rational maximizing behavior. In the one (the microeconomic) context, it is assumed either that the
overall workings of the economic system can be disregarded, or that the macroeconomic relationships are in full general equilibrium. In the other (the macroeconomic) context, it is assumed that the maximizing decisions of individual economic units (firms and households) will not necessarily add up to a macroeconomic equilibrium, but will produce a disequilibrium situation that will in the course of time produce changes in the individual decisions. Heterodox economics can provide a more complete and robust explanation of economic realities than orthodox (or mainstream) economics. Contemporary Issues in Heterodox Economics: Implications for Theory and Policy Action argues that this greater explanatory power gives heterodox economics the ability to illuminate appropriate policy for the major crises of our time, as well as proffer the basis for a more rounded, pluralist approach to economic theory. The chapters in this wide-ranging volume address some of the key issues facing the global economy, including the growing disparity of income/wealth between persons and economic areas, environmental degradation, issues associated with employment, and the regularity of economic/financial crises. The authors examine potential policy responses such as modern monetary theory, models of public ownership, and the need to move beyond standard concepts of growth. They also explore the deficiencies of orthodox economics, and contend that a more pluralist approach to economics is required in the public sphere, in academia, and in the classroom in order to help face the challenges of the twenty-first century. This book is invaluable reading for students and scholars across the social sciences who are interested in alternatives to mainstream economic thinking. This book provides a comprehensive survey of the major developments in monetary theory and policy from David Hume and Adam Smith to Walter Bagehot and Knut Wicksell. In particular, it seeks to explain why it took so long for a theory of central banking to penetrate mainstream thought. The book investigates how major monetary theorists understood the roles of the invisible and visible hands in money, credit and banking; what they thought about rules and discretion and the role played by commodity-money in their conceptualizations; whether or not they distinguished between the two different roles carried out via the financial system - making payments efficiently within the exchange process and facilitating intermediation in the capital market; how they perceived the influence of the monetary system on macroeconomic aggregates such as the price level, output and accumulation of wealth; and finally, they thought about monetary policy. This book provides a reassessment of Keynes' theory of liquidity preference. It argues that the failure of the Keynesian revolution to be made in either theory or practice owes importantly to the fact that the role of liquidity preference theory as a pivotal element in Keynes' General Theory has remained underexplored and indeed widely misunderstood even among Keynes' followers and until today. The book elaborates on and extends Keynes' conceptual framework, moving it from the closed economy to the global economy context, and applies liquidity preference theory to current events and prominent hypotheses in global finance. Jörg Bibow presents Keynes' liquidity preference theory as a distinctive and highly relevant approach to monetary theory offering a conceptual framework of general applicability for explaining the role and functioning of the financial system. He argues that, in a dynamic context, liquidity preference theory may best be understood as a theory of financial intermediation. Through applications to current events and prominent hypotheses in global finance, this book underlines the richness, continued relevance, and superiority of Keynes' theory of liquidity preference; with Hyman Minsky standing out for developing Keynes' vision of financial capitalism. A sweeping historical account of the crises of income inequality and crony capitalism from a world-renowned public economist. An urgent and definitive collection of essays from leaders and experts championing the Green New Deal—and a detailed playbook for how we can win it—including contributions by leading activists and progressive writers like Varshini Prakash, Rhiana Gunn-Wright, Bill McKibben, Rev William Barber II, and more. In October 2018, scientists warned that we have less than 12 years left to transform our economy away from fossil fuels, or face catastrophic climate change. At that moment, there was no plan in the US to decarbonize our economy that fast. Less than two years later, every major Democratic presidential candidate has embraced the vision of the Green New Deal—a rapid, vast transformation of our economy to avert climate catastrophe while securing economic and racial justice for all. What happened? A new generation of leaders confronted the political establishment in Washington DC with a simple message: the climate crisis is here, and the Green New Deal is our last, best hope for a livable future. Now comes the hard part: turning that vision into the law of the land. In Winning a Green New Deal, leading youth activists, journalists, and policymakers explain why we need a transformative agenda to avert climate catastrophe, and how our movement can organize to win. Featuring essays by Varshini Prakash, cofounder of Sunrise Movement; Rhiana Gunn-Wright, Green New Deal policy architect; Joseph Stiglitz, Nobel Prize-winning economist; Bill McKibben, internationally renowned environmentalist; Mary Kay Henry, the President of the Service Employees International Union, and others we'll learn why the climate crisis cannot be solved unless we also confront inequality and racism, how movements can redefine what's politically possible and overcome the opposition of fossil fuel billionaires, and how a Green New Deal will build a just and thriving economy for all of us. For anyone looking to understand the movement for a Green New Deal, and join the fight for a livable future, there is no resource as clear and practical as Winning the Green New Deal. This new volume sheds new light on current monetary issues, in particular the debate on monetary policy making, by blending theoretical economic analysis, history of economics, and historical case studies. A discretionary monetary policy refers to cases in which the central bank is free to change its policy actions or key instruments when the need arises, whilst a monetary policy rule can be defined as a commitment from (independent) central banks to reach one or several objective(s) by way of systematic policy actions. This book uses case studies from France and Sweden, and places them in the context of Keynes' argument from his 1923 'Tract on Monetary Reforms', to support the argument that the use of discretionary practices within a monetary policy rule (such as in the Gold Standard era) is the best approach. This book takes an innovative approach in combining a theoretical analysis (mainly the work of New Neoclassical Synthesis throughout Woodford's model) a history of economic thought analysis (based on the monetary works from Wicksell, Cassel and Keynes) and an historical study of central bank practices both in France (based on Bank of France archives materials) and in Sweden. The final section of the book explores the debate on monetary policy rule in light of the 2008 financial crisis. As such, the book provides a unique synthesis that will be of interest not only to scholars of history of economic thought and economic theory, but also to anyone with an interest in monetary economics and contemporary monetary policy. This timely collection will be the first of its kind to focus on the practical application of the government job guarantee (JG) for both developed and developing economies. Global case studies include: United States, China, Ghana, Argentina, Ireland, Iceland, and India.
This second edition explores how money ‘works’ in the modern economy and synthesizes the key principles of Modern Money Theory, exploring macro accounting, currency regimes and exchange rates in both the USA and developing nations. This instructor’s manual complements the textbook Money: Theory and Practice which provides an introduction to modern monetary economics for advanced undergraduates, highlighting the lessons learned from the recent financial crisis. The manual provides teachers with exercises and examples that reflect both the core New Keynesian model and recent advances, taking into account financial frictions, and discusses recent research on an intuitive level based on simple static and two-period models. Empirical evidence on money, prices, and output -- Money-in-the-utility function -- Money and transactions -- Money and public finance -- Money in the short run : informational and portfolio rigidities -- Money in the short run : nominal price and wage rigidities -- Discretionary policy and time inconsistency -- New keynesian monetary economics -- Money and the open economy -- Financial markets and monetary policy -- Monetary policy and operating procedures.

A new edition of the leading text in monetary economics, a comprehensive treatment revised and enhanced with new material reflecting recent advances in the field. This text presents a comprehensive treatment of the most important topics in monetary economics, focusing on the primary models monetary economists have employed to address topics in theory and policy. It covers the basic theoretical approaches, shows how to do simulation work with the models, and discusses the full range of frictions that economists have studied to understand the impacts of monetary policy. Among the topics presented are money-in-the-utility function, cash-in-advance, and search models of money; informational, portfolio, and nominal rigidities; credit frictions; the open economy; and issues of monetary policy, including discretion and commitment, policy analysis in new Keynesian models, and monetary operating procedures. The use of models based on dynamic optimization and nominal rigidities in consistent general equilibrium frameworks, relatively new when introduced to students in the first edition of this popular text, has since become the method of choice of monetary policy analysis. This third edition reflects the latest advances in the field, incorporating new or expanded material on such topics as monetary search equilibria, sticky information, adaptive learning, state-contingent pricing models, and channel systems for implementing monetary policy. Much of the material on policy analysis has been reorganized to reflect the dominance of the new Keynesian approach. Monetary Theory and Policy continues to be the only comprehensive and up-to-date treatment of monetary economics, not only the leading text in the field but also the standard reference for academics and central bank researchers.

Understand the theories and interpret the actions of modern central banks Central Banking takes a comprehensive look at the topic of central banking, and provides readers with an understanding and insights into the roles and functions of modern central banks in advanced as well as emerging economies, theories behind their thinking, and actual operations practices. The book takes a systematic approach to the topic, while providing an accessible format and style that is appropriate for general audiences and students with only a minimal macroeconomic background. Theoretical reviews and examples of how the theories are applied in practice are presented in an easy-to-understand manner and serve as a guide for readers to further investigate specific ancillary central banking topics and as a means to make informed judgments about central bank actions. Important topics covered in the book include: Evolution of central banking functions and the international monetary system Theoretical backgrounds that are the foundation to the modern practice of monetary policy Monetary policy regimes, including exchange rate targeting, money supply growth targeting, the risk management approach, inflation targeting, and unconventional monetary policy. Actual practice in market operations and transmission mechanisms of monetary policy The exchange rate and central banking Theoretical backgrounds related to various dimensions of financial stability Current developments with regards to sustaining financial stability The future of central banking in the wake of the 2007-2010 global financial crisis Case studies on relevant practical issues and key concepts in central banking Designed as essential reading for students, market analysts, investors, and central banks’ new recruits, Central Banking better positions readers to interpret the actions of central banks and to understand the complexities of their position in the global financial arena.

This book provides a new methodological approach to money and macroeconomics. Realizing that the abstract equilibrium models lacked descriptions of fundamental issues of a modern monetary economy, the focus of this book lies on the (stylized) balance sheets of the main actors. Money, after all, is born on the balance sheets of the central bank or commercial bank. While households and firms hold accounts at banks with deposits, banks hold an account at the central bank where deposits are called reserves. The book aims to explain how the two monetary circuits — central bank deposits and bank deposits — are intertwined. It is also shown how government spending injects money into the economy. Modern Monetary Theory and European Macroeconomics covers both the general case and then the Eurozone specifically. A very simple macroeconomic model follows which explains the major accounting identities of macroeconomics. Using this new methodology, the Eurozone crisis is examined from a fresh perspective. It turns out that not government debt but the stagnation of private sector debt was the major economic problem and that cuts in government spending worsened the economic situation. The concluding chapters discuss what a solution to the current problems of the Eurozone must look like, with scenarios that examine a future with and without a euro. This book provides a detailed balance sheet view of monetary and fiscal operations, with a focus on the Eurozone economy. Students, policy-makers and financial market actors will learn to assess the institutional processes that underpin a modern monetary economy, in times of boom and in times of bust.

This edited volume explores theoretical and empirical issues related to monetary economics and policy in the Islamic financial system. Derived from the Conference on Islamic Monetary Economics and Institutions: Theory and Practice 2017 held in Malé, Maldives, the enclosed papers highlights several option for authorities and regulatory bodies regarding monetary policy and regulation, as well as discussing how Islamic monetary policy effects growth, financial stability and resilience to shocks in practice. The inter-linkage between Islamic monetary policy and other markets are also explored. The subject of Islamic economics has gained considerable attention in the last four decades with the emergence of Islamic financial institutions around the world. This phenomenon has motivated economists to develop a comprehensive theoretical framework of modern monetary economics for Islamic economic system. An important characteristic of the Islamic economic system is the abolition of interest from the financial system. Islamic monetary economics is distinguished from conventional monetary economics due to the absence of interest. Therefore, under the Islamic economic system, monetary policy has to depend on other tools. In the early theoretical literature on Islamic monetary economics, many have discussed the role of money in Islamic economics system, while the number of empirical studies on Islamic monetary economics is a relatively new phenomenon. According to Islamic scholars, there are three main goals of Islamic monetary policy: a) economic well-being with full employment and optimum rate of economic growth; b) socioeconomic
justice and equitable distribution of income and wealth and c) stability in the value of money. Hence, the Islamic monetary policy has several socioeconomic and ethical implications. Featuring regional case studies, this book serves as a valuable resource for academics, scholars, practitioners and policy makers in the areas of Islamic economics and finance.

Providing an extensive examination of monetary theory and its implications for public policy, Monetary Theory and Public Policy is as relevant for an understanding of current economic problems as when it was first published. Looking at the concepts of modern economic theory, particularly as these concepts apply to problems of money and banking, both Keynesian and Post-Keynesian developments are discussed. "Macroeconomics has always played host to contesting schools of thought, but recent events have exacerbated those differences. To fully understand the subject, students need to be aware of these controversies. Rethinking Macroeconomics: A History of Economic Thought Perspective introduces students to the key schools of thought, equipping them with the knowledge needed for a true understanding of today’s economy. The text guides the reader through multiple approaches to macroeconomic analysis before presenting the data for several critical economic episodes, all in order to explore which analytical method provides the best explanation for each event. It covers key background information on topics such as the basics of supply and demand, macroeconomic data, international trade and the balance of payments, the creation of the money supply, and the global financial crisis. This anticipated second edition contains new chapters on Modern Monetary Theory, the Japanese economy, the European Union and the coronavirus crisis, bringing the story up to date and broadening the international coverage. Offering the context that is missing from existing introductory textbooks, this work encourages students to think critically about received economic wisdom. This is the ideal complement to any introductory macroeconomics textbook and is ideally suited for undergraduate students who have completed a principles of economics course. The book is fully supported with additional online resources, which include lecture slides and an instructor manual. John F. McDonald is Adjunct Professor of Economics at Temple University, USA, Emeritus Professor of Economics at the University of Illinois at Chicago, and Gerald W. Fogelson Distinguished Chair in Real Estate Emeritus at Roosevelt University."--

The General Theory of Employment, Interest, and Money, written by legendary author John Maynard Keynes is widely considered to be one of the top 100 greatest books of all time. This masterpiece was published right after the Great Depression. It sought to bring about a revolution, commonly referred to as the 'Keynesian Revolution', in the way economists thought—especially challenging the proposition that a market economy tends naturally to restore itself to full employment on its own. Regarded widely as the cornerstone of Keynesian thought, this book challenged the established classical economics and introduced new concepts. ‘The General Theory of Employment, Interest, and Money’ transformed economics and changed the face of modern macroeconomics. Keynes’ argument is based on the idea that the level of employment is not determined by the price of labour, but by the spending of money. It gave way to an entirely new approach where employment, inflation and the market economy are concerned.

An overview of recent theoretical and policy-related developments in monetary economics.

"The long run is a misleading guide to current affairs. In the long run we are all dead." -John Maynard Keynes, A Tract on Monetary Reform (1923) A Tract on Monetary Reform (1923), by British economist John Maynard Keynes, is a masterly analysis of the world monetary situation at the beginning of the twentieth century. Keynes stated the importance of stable domestic prices and a stable currency for a strong economy, while arguing against the gold standard, which at that time was used for the US dollar and many other currencies. Britain abandoned the gold standard in 1931-after it had re-established it in 1925—and the United States abandoned the gold standard in 1933. A Tract on Monetary Reform is essential reading for anyone interested in Keynes’ theories and for students of economics or economic history. Modern Monetary Theory and Practice: an Introductory Text

This textbook provides an introduction to modern monetary economics for advanced undergraduates, highlighting the lessons learned from the recent financial crisis. The book presents both the core New Keynesian model and recent advances, taking into account financial frictions, and discusses recent research on an intuitive level based on simple static and two-period models, but also prepares readers for an extension to a truly dynamic analysis. Further, it offers a systematic perspective on monetary policy, covering a wide range of models to help readers gain a better understanding of controversial issues. Part I examines the long-run perspective, addressing classical monetary policy issues such as determination of the price level and interaction between monetary and fiscal policy. Part II introduces the core New Keynesian model, characterizing optimal monetary policy to stabilize short-term shocks. It discusses rules vs. discretion and the challenges arising from control errors, imperfect information and robustness issues. It also analyzes optimal control in the presence of an effective lower bound. Part III focuses on modelling financial frictions. It identifies the transmission mechanisms of monetary policy via banking and introduces models with incomplete markets, principal-agent problems, maturity mismatch and leverage cycles, to show why investors’ and intermediaries’ own stakes play a key role in lending with pro-cyclical features. In addition, it presents a tractable model for handling liquidity management and demonstrates that the need to sell assets in crisis amplifies the volatility of the real economy. Lastly, the book discusses the relation between monetary policy and financial stability, addressing systemic risk and the role of macro-prudential regulation.