

## MONETARY ECONOMICS

An Integrated Approach to Credit,  
Money, Income, Production and Wealth

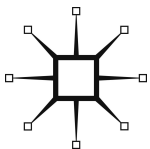
BY WYNNE GODLEY AND  
MARC LAVOIE

This book challenges the mainstream paradigm, which is based on the inter-temporal optimisation of welfare by individual agents. It introduces a new methodology for studying how it is institutions which create flows of income, expenditure and production together with stocks of assets (including money) and liabilities, thereby determining how whole economies evolve through time. Starting with extremely simple stock flow consistent (SFC) models, the text describes a succession of increasingly complex models. Solutions of these models are used to illustrate ways in which whole economies evolve when shocked in various ways. Readers will be able to download all the models and explore their properties for themselves. A major conclusion is that economies require management via fiscal and monetary policy if full employment without inflation is to be achieved.

**CONTENTS:** Introduction - Balance Sheets, Transaction Matrices and The Monetary Circuit - The Simplest Model with Government Money - Government Money with Portfolio Choice - Long-Term Bonds, Capital Gains and Liquidity Preference - Introducing the Open Economy - A Simple Model with Private Bank Money - Time, Inventories, Profits and Pricing - A Model with Private Bank Money, Inventories and Inflation - A Model with both Inside and Outside Money - A Growth Model Prototype - Open Economy with Flexible Prices and Exchange Rates - General Conclusion

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**MONETARY ECONOMIES**

January 2007    Hardback    £70.00    0-230-50055-2

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