

# What Kind of Political Economist are You?

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# The Recurring Debates in Monetary Economics

## (2013)

### Question 1

What is money? What is its nature? (The ontology of money)

### Question 2

How does money get into the economy? How is it created & destroyed?

### Question 3

What determines the real rate of interest on loans of money?

### Question 4

What is the main monetary policy instrument that can be employed by the central bank to determine the pace of credit and money creation?

### Question 5

How do monetary changes affect other economic variables?

# The Recurring Debates in Monetary Economics

## (continued)

|     | <u>Classical</u>              | <u>Wicksell</u>     | <u>Monetarist</u>                | <u>Keynes</u>  | <u>Preferred</u>                     |
|-----|-------------------------------|---------------------|----------------------------------|--|--------------------------------------|
| Q1: | Commodity money               | Pure credit economy | Fiat (paper) money               | There is an ontology of money in <i>Treatise</i> , left out in <i>GT</i> | Money is a social relation (of debt) |
| Q2: | Exogenous (except for mining) | Endogenous          | Exogenous                        | Endogenous in <i>Treatise</i> , exogenous in <i>GT</i>                   | Endogenous                           |
| Q3: | Natural rate                  | Natural rate        | Natural rate                     | Natural rate in <i>Treatise</i> , no natural rate in <i>GT</i>           | No natural rate                      |
| Q4: | Fixed money supply            | Policy rate         | Monetary base                    | Policy rate in <i>Treatise</i> , money base in <i>GT</i>                 | Policy rate                          |
| Q5: | Neutral                       | Neutral             | Non-neutral in SR, neutral in LR | Non-neutral in SR, neutral in LR   | Non-neutral in both SR and LR        |

# Unsettled Questions in Monetary Macroeconomics (2022)

## Question 1

Rules *versus* discretion in monetary policy?

## Question 2

Should the central government always try to balance the budget?

## Question 3

Are tax increases inflationary or deflationary?

## Question 4

Should trade and financial policies always aim for a current account surplus?

## Question 5

To fix or float exchange rates?

# Unsettled Questions in Monetary Macroeconomics

(continued)

Professor Pressman

Professor Smithin

Q1: DISCRETION

RULES

Q2: (qualified) YES

NO

Q3: DEFLATIONARY

INFLATIONARY

Q4: NO

YES

Q5: FIXED (but adjustable)

FLOATING

# Alternative Methods of Provisioning (2018)

- (i) The Crusoe Economy X
  - (ii) The Traditional Economy
  - (iii) The Command Economy
  - (iv) The (Barter) Exchange Economy X
  - (v) The Method of Enterprise
- ❑ Conventional economic theory only studies (i) & (iv) but these are entirely fictional! It (conventional theory) is therefore essentially useless.

# Max Weber's 'Last Theory of Capitalism'

(Supposed conditions for the existence of 'modern capitalism' *aka* the 'method of enterprise')

1. Rational Capital Accounting
2. Freedom of Markets
3. Rational Technology? (but this is surely an outcome not a precondition?)
4. Calculable Law
5. Freedom of Labour
6. Commercialization of Economic Life

# The Concept of 'Iteration' as Applied to Economic Sociology (2018)

- A. A Political Settlement
- B. Money
- C. Private Property (as opposed to mere possession)
- D. Markets
- E. Entrepreneurial Business

# Alternative Configurations for International Economic Relations (2025)

- (i) A Floating (or Flexible) Nominal Exchange Rate.  
WORKABLE
- (ii) A 'Fixed but Adjustable' Nominal Exchange Rate (sometimes called a 'Crawling Peg' or similar).  
WORKABLE
- (iii) An Irrevocably Fixed Nominal Exchange Rate (or 'Hard Peg').  
UNSTABLE
- (iv) A Currency Union.  
UNSTABLE

# Different Orientations in Political Economy (2023)

|                    | <u>Globalist</u>        | <u>Nationalist</u> |
|--------------------|-------------------------|--------------------|
| <b>Socialism:</b>  | International Socialism | National Socialism |
| <b>Enterprise:</b> | Globalization           | ?                  |

# Different Orientations in Political Economy

(continued)

- ? =
1. Economic Nationalism?
  2. Monetary Mercantalism?
  3. 'Capitalism in One Country'?  
(pun on Stalin)
  4. MAGA ? (Trump)
  5. National Policy? (Macdonald)