

Contents

Introduction	1
I Money, inflation, and capital formation in the long run: general remarks	5
1 Summary of the literature: theoretical aspects	7
2 Summary of the literature: empirical aspects	19
3 Further reflections on money	29
II Money, inflation, and capital formation: the perspective of overlapping generations models	43
4 The Diamond model with money as single outside asset	45
4.1 The model	46
4.2 Equilibrium conditions	51
4.3 Policy effects	58
4.4 Discussion	61
4.5 Appendix	63
5 Variation 1: Imperfect credit markets and asymmetric information	65
5.1 The model	67
5.2 Equilibrium conditions	71
5.3 Policy effects	74

5.4	Discussion	77
5.5	Appendix	79
6	Variation 2: Random liquidity needs	82
6.1	The model	85
6.2	Equilibrium conditions	89
6.3	Policy effects	92
6.4	Discussion	95
6.5	Appendix	97
7	Variation 3: Standard cash-in-advance constraint and endogenous savings	99
7.1	The model	101
7.2	Equilibrium conditions	104
7.3	Policy effects	106
7.4	Appendix	110
8	Variation 4: Differentiated goods, multiple means of payment, and money as single outside asset	113
8.1	The model	117
8.2	Equilibrium conditions	123
8.3	The regime with an exogenous cash-in-advance constraint .	126
8.4	The regime with an endogenous cash-in-advance constraint .	135
8.5	Appendix 1: Standard problem of the consumer	138
8.6	Appendix 2: The regime with an endogenous cash-in-advance constraint	140
8.7	Appendix 3: The regime with an exogenous cash-in-advance constraint	144
8.8	Appendix 4: Plots	149

9 Variation 5: Differentiated goods, multiple means of payment, and alternative specifications of government activities	153
9.1 Differentiated goods, multiple means of payment, and multiple outside assets	155
9.2 Differentiated goods, multiple means of payment, and productive government expenditures	160
9.3 Appendix	164
Summary	166
Appendix I: Technology	169
Appendix II: Dynamics	176
References	183
List of Figures	192

Money, Inflation, and Capital Formation

An Analysis of the Long Run from the Perspective of
Overlapping Generations Models

Thadden, L. von

1999, X, 200 p., Softcover

ISBN: 978-3-540-66456-7