

Money from the Perspective of Economic Theory

Peníze z pohledu ekonomické teorie

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Koderová, J., Sojka, M., Havel, J.: *The Theory of Money. Second supplemented edition (Teorie peněz. Druhé doplněné vydání)*. Praha, Wolters Kluwer 2012. 284 pages. ISBN 978-80-7357-640-0.

“We give parties to enjoy ourselves, wine makes us cheerful and money has an answer for everything” claims the Old Testament (Ecclesiastes 10: 19). The importance of money in this folk concept is undisputable; however, if we wish to become familiar with the deeper laws of its functioning, we have to turn to professional economic literature. “The Theory of Money” of erudite authors Koderová, Sojka, and Havel presents readers with a well-arranged explanation of the development of money theories, comprising opinions on the substance and forms of money, its value and functions, including the impact of money on national economy.

The book discusses, in historical succession, opinions of ancient and medieval thinkers, of classical French and English economics, of Neoclassical economics with subsequent Austrian School, Monetarist theory, individual partial movements of Keynesian economics, and finally the contemporary opinions of New classics, including the real business cycle theory, and New Keynesians. The attention paid to individual opinion trends is balanced, with the exception of grandly expressive focus on Post-Keynesian and New Keynesian economics in the last two chapters.

Various interpretations of the central bank’s monetary policy functioning also form an integral part of the theory of money. This area is explained with the use of several alternatives of the quantitative theory of money, starting with its early periods (Hume and English classics), moving on to neoclassical versions (Fisher, Marshall, and Wicksell), and all the way to modern interpretation of Monetarists (Friedman) and new classics (Lucas). The Keynesian perception of monetary theory is not left out, starting with Lord Keynes himself, moving on to Neo and Post-Keynesianism, and going all the way to the contemporary New Keynesianism. Naturally, the authors did not forget alternative approaches, namely the proposals of the Austrian School for partial or full commodity backing of money or replacement of public money with private money.

Compared to the first edition, the second supplemented edition of the successful publication is upgraded with the chapter “Opinions concerning money and monetary theory in Czech economic thinking between the two World Wars”. This is more than beneficial supplementation that instructs readers in detail on opinions and monetary policy of the main representatives of the national economic science at the time, i.e. of Karel Engliš and Josef Macek. The deflationary policy of Alois Rašín is not left out either.

Even though the publication is a challenging professional economic text, it is written in a well-arranged and comprehensible style. Verbal explanations are supported by a number of charts that will allow better understanding of individual theories. Readers will also appreciate the publication for the many references to original literature, with potential information about Czech translations.

It is possible to point out insufficient final proofing of the text, e.g. typing errors, that should especially be prevented in names (Fisher, Viner, Soskice), missing updates of biographical data (P. A. Samuelson, J. Tobin, F. Modigliani) or incomplete Figure 10. 1. However, these are only formal imperfections that do not lessen the quality of the contents.

The publication is intended not only for the purpose of teaching at the University of Economics in Prague (as the authors state in the Preface), but it will certainly find its readers from within the wide academia and economic professionals, namely in the banking sector. The second edition of the book is thus only welcome.