Money creation in the euro (2007-2013)
An essay on the theory of money

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Abstract

Unconventional measures are now the norm for the activity of major Central Banks. The post 2007 time made for the base-money expansion of central currencies, in the world-economy. The financial crisis changed the mind-set for the intervention in money affairs, on such a way that is also a defiance to economic theory. The Euro economies became the ones most troubled with the economic crisis, and the sovereign’s rescues in the periphery of the common currency cause social grievance and technical misconceptions.

The neoclassic veil on money, moreover, is also shaken, and policies move in uncharted territory. This essay reviews chief topics on money theory in an heterodox fashion. It presents a new interpretation of the money multiplier set on a physics standard, and a revaluation of the practice of accounting. A section of John Maynard Keynes œuvres is also presented and discussed. The functioning of modern paper-standard economies are the great defiance for the famous British economist, which entails an organic view of the action of agents, banking credit and radical uncertainty.

Karl Marx 19th century analysis of the capitalist economy had prior set grand notions of the money functions on economic dynamics. The late-made economist fuels a theory of global social action, based in the structure of social classes and production, distribution and consumption of economic resources/products. His remarks on credit-money and fictitious capital are of great actuality and propriety. This essay will still point for challenging his labour-value theory and the gold-standard assumption. Modern theories of the economic theory are also made accessible in this text, with a particular view on money emissions and endogenous banking.
The European Union is a peace project for mutual and beneficial economic and social progress in the continent. Its institutional design has changed over time, and its heteroclite composition is visible for any educated observer. The ECB action in recent time has deserved harsh criticism for deepening the economic malaise, and the lessons of the past have not been learnt.

State-debt restructuring is then a recurring theme of discussion and mobilization in crisis-affected countries. High levels of debt are furthermore a question of concern for advanced economies in the world, and financial perils mount. Here will be proposed the creation of a common European Treasury, based on both the acts of ECB and EMF (European Monetary Fund), aimed at state-debt restructuration and sustainability. Further, on the regulation of productive investment in the euro area. It shall entail a transformed policy design and plans, and a full understand of banking and payment activities in the common currency. Regulation on base-money capital access shall also be considered.

Keywords: base-money; treasury; institutions; realism.