Reconsideration of Money and Credit under the von Neumann Framework *

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January 21, 2016

Abstract

In this paper, we introduce money and price level into the von Neumann input-output model (**?**) under the most general setting of Kemeny et al. (1956). We distinguish the difference between *nominal* and *real interest rates* and show that the concept of *balanced growth* is appropriately extended as the *monetary balanced growth* that incorporates the essential role of credit and money with a constant expected *inflation* or *deflation rate*. We consider the bank-money that is used to settle all transactions and assumed that the elementary time-interval is equal to the *money circulation velocity* as the idea suggested by Morishima (1977, Chapter 13).

Keywords : Von Neumann Model; Monetary Balanced Growth; Input Output Analysis; Minimax Game

JEL Classification: C62, C70, D53, E40

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