

Research Project

Monetary Policy with Asset-Backed Money

Project funded by own resources

Project title Monetary Policy with Asset-Backed Money

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Organisation / Research unit

Departement Wirtschaftswissenschaften / Wirtschaftstheorie (Berentsen)

Project Website <https://ideas.repec.org/p/fip/fedlwp/2013-030.html>

Project start 01.08.2013

Probable end 31.07.2027

Status Active

We study the use of intermediated assets as media of exchange in a neo- classical growth model. An intermediary is delegated control over productive capital and finances itself by issuing claims against the revenue generated by its operations. Unlike physical capital, intermediated claims are assumed to be liquid-they constitute a form of asset-backed money. The intermediary is assumed to control 1) the number of claims outstanding, 2) the dividends paid out to claim holders and 3) the fee charged for collecting the dividend. We find that for patient economies, the first-best allocation can always be implemented as a competitive equilibrium through an appropriately designed intermediary policy rule. The optimal policy requires strictly positive inflation. While it is also possible to implement the first-best by introducing at money and a lump- sum tax instrument, our results demonstrate that neither of these interventions are necessary for efficiency.

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Add publication

Published results

3693113, Andolfatto, David; Berentsen, Aleksander; Waller, Christopher, Monetary policy with asset-backed money, 0022-0531 ; 1095-7235, Journal of Economic Theory, Publication: JournalArticle (Originalarbeit in einer wissenschaftlichen Zeitschrift)

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ID	Kreditinhaber	Kooperationspartner	Institution	Laufzeit - von	Laufzeit - bis
2743149	Berentsen, Aleksander	Andolfatto, David	Federal Reserve Bank of St. Louis and Simon Fraser University	01.08.2013	31.07.2015

ID	Kreditinhaber	Kooperationspartner	Institution	Laufzeit - von	Laufzeit - bis
2743152	Berentsen, Aleksander	Waller, Christoph	Federal Reserve Bank of St. Louis and University of Notre Dame	01.08.2013	31.07.2015