

Quote of the Week

By Editor Test Tue, May 15, 2012

“Money is created in two fundamentally different ways... There is outside money, which is created whenever a government pays for something by making a draft on its central bank or by paying for something with banknotes, and which is extinguished when a payment is made by a member of the public to the government, typically in the form of taxes... On the other hand there is inside money, which is created by commercial banks when they make loans, and which ceases to exist when loans are repaid.” - Wynne Godley and Marc Lavoie, Monetary Economics, 2nd ed., 2012, p. 57.
