

THE ENDOGENOUS NATURE OF MONEY  
AND THE INCONSISTENCY IN THE LOGIC OF  
MODERN MONEY THEORY (MMT)

*By* YUICHI KANAI

《SUMMARY》

Modern Money Theory (MMT) insists the endogenous money theory, but it also seems to believe the exogenous money theory related to the issue of government bonds. In other words, MMT might lose the logical consistency. That is because MMT do not comprehend the endogenous nature of money based on the priority of the credit trading and the deposit currency settlement. To make it sure, this paper verifies that the formation of credit relation must have been done before money is born by the business of the Bank of England since her foundation. According to above-mentioned, we will show that a central bank could not increase or decrease money stock arbitrarily, therefore the government bonds could not be issued arbitrarily.

(emeritus professor, Nagoya University)