analysing the taxation attitudes towards different types of wealth and the impact of asset ownership on social policies, the authors provide an exhaustive account of the contradictions between specific policy goals adopted over the past decades. The final chapter links these inconsistencies in wealth policy with the analyses of distribution and accumulation of wealth presented in the first two parts of the book, providing a 'dream' checklist of potential policy reforms best able to address the current issues in the UK wealth distribution.

The book clearly achieves its aim to draw an inclusive picture of the situation in UK's wealth distribution, accumulation and policy. One of its greatest advantages is its clear discussion of the characteristics and issues present in the available data sources as well as clarity in defining different concepts within wealth. This is of particular importance in understanding the dynamics of change and the determinants of wealth distribution, which are often sensitive to the definition of wealth and various assets and tend to be biased by data-specific problems such as non-response or under-reporting of certain social groups.

One weakness of the book is its insufficient exploration of institutional factors other than policy underpinning the analysed trends in the accumulation and distribution of wealth. Parallel processes occurring in the economy over the past decades, particularly those associated with financialisation, are likely to have significantly affected the dynamics and determinants of wealth concentration. However, their explicit examination is absent at this stage of authors' analyses. On the whole, the study forms an excellent resource and reference point for researchers investigating the dynamics of wealth accumulation and distribution and their interaction with socio-economic phenomena.

Joseph A. Schumpeter
Treatise on Money
Wordbridge Publishing, 2014
ISBN: 978 90 76660 36 3

Jo Michell
University of the West of England

The publication of the English translation of Schumpeter's *Treatise on Money* should be of considerable interest for scholars of monetary theory. The newly published volume may be viewed as the missing link between two of Schumpeter's other key works: *Theory of Economic Development* ([1938] 2008) and *Business Cycles* ([1939] 1964). The latter volume, published three years after Keynes' *General Theory*, was dismissed by Schumpeter's student Hyman Minsky: 'The crisis of capitalism produced a magnificent theoretical response from Keynes; Schumpeter's was banal.' (Minsky, 1983, p. 1). Minsky's dissatisfaction sprung from Schumpeter's increasing devotion to the Walrasian general equilibrium system — a system Minsky viewed as incompatible with the central role played by money in Schumpeter's earlier work: '…Schumpeter got enmeshed in a Walrasian trap that assumed only real things matter, whereas in his original vision, money mattered.' (Minsky, 1983, p. 15) The current volume is of interest for the light it sheds on Schumpeter's attempts to reconcile a positive role for money with the Walrasian system.

In *History of Economic Analysis*, Schumpeter (1954) contrasts his 'credit theory of money' with the dominant — then, as now — 'monetary theory of credit'. It is this credit theory of money that Schumpeter attempts to lay out in his Treatise. Schumpeter argues that the 'essence' of money is not located in any of the specific forms in which it is found-whether that be a commodity, a banknote or something else-but in the constantly shifting complex of credit and debit positions which underpin all economic transactions. The role of money is to provide a clearing system for this network of creditors and debtors, allowing claims and counter-claims to cancel each other out: 'the economic meaning of the handover of little pieces of metal fashioned in a certain manner … is that it reduces someone's credit and increases someone else's by the same amount' (p. 218). It is argued that anything that can be used to perform this clearing process performs the role of money: 'what performs the service of money is money' (p. 244).

Money in its most essential form is thus a pure unit of account, as in Wicksell's (1936) 'pure credit' economy. This leads Schumpeter to reject the concept of the supply of money: 'to speak of a quantity of existing units of account would make as much sense as to say that a certain number of units of length exist with which everything that has that length must be measured' (p. 244). Without a meaningful measure of the supply of money, the quantity theory of money and all of the associated apparatus surrounding must also be abandoned.

Schumpeter's theory is laid out in a sequence of steps, starting with the analysis of a socialist economy in which all production is performed by labour and the clearing of value credits (labour) and debits (consumption) is done by the central planner. The model is gradually expanded to include non-labour inputs and unexpected shifts in consumption demand. The analysis is then shifted to the more complex case of a capitalist system in which economic activity takes place '…by the interlocking of individual or 'sub-group' motives and initiatives' (p. 133).

Schumpeter then goes on to outline a system of accounts based on a division of the economy into household, firms, banks and the central bank. Although not formalised to the same degree, Schumpeter here essentially describes what are now known as flow-of-funds accounts (see, e.g. Michell, 2012). On the basis of these accounts, Schumpeter demonstrates the role of the banking system as the locus of account settlement, and the central bank as 'the final distillate of all transactions passing through the banking system' (p. 132). It is this settlement role that confers on the banking system the power to create new purchasing power: in issuing new credit, new deposits are created simultaneously.

At this point, however, the text begins to dwindle. Further discussion is provided of the determination of the price level and of the concept of the velocity of circulation, but at the end of Chapter XII the text simply stops mid-sentence. The reason for this is that the draft was never completed, and the version published now is an English translation of the manuscript compiled by Fritz Karl Mann and originally published as Schumpeter (1970). It is thus intriguing that the introductory notes provide so little discussion of the process by which the manuscript was compiled-particularly in light of the claim by Messori (1997) that drafts exist of an additional three chapters.

We can therefore still only speculate as to whether Schumpeter succeeded in synthesising Wicksellian monetary theory with Walrasian general equilibrium-and what his opinion would have been of Woodford's (2003) more recent attempt at the same synthesis.

References

Keynes, J. M. ([1930] 1971). *A Treatise on Money*. Macmillan and Cambridge UP

Knapp, G. F. ([1905] 1924). *The State Theory of Money*. London: Macmillan.

Mcleod, H. D. (1855-56). *Theory and Practice of Banking*. London, New York and Bombay: Longman's Green and Co.

Messori, M. (1997). 'The trials and misadventures of Schumpeter's Treatise On Money'. *History of Political Economy*, 29(4), 639-673.

Michell, J. (2012). The Flow of Funds. In J. Toporowski, and J. Michell (Eds.) *The Handbook of Critical Issues in Finance*, (pp. 127-134). Cheltenham: Edward Elgar.

Minsky, H. P. (1983). 'Money and crisis in Schumpeter and Keynes'. Hyman P. Minsky Archive Paper 334, Levy Economics Institute of Bard College.

Schumpeter, J. A. ([1938] 2008). *The Theory of Economic Development*. New Jersey: Transaction.

Schumpeter, J. A. ([1939] 1964). *Business Cycles: A Theoretical, Historical and Statistical Analysis of the Capitalist Process*. USA: McGraw-Hill.

Schumpeter, J. A. (1954). *History of Economic Analysis*. London: George Allen & Unwin.

Schumpeter, J. A. (1970). *Das Wesen Das Geldes*. Göttingen: Vandenhoeck & Ruprecht.

Wicksell, K. (1936). *Interest and Prices. A Study of the Causes Regulating the Value of Money*. London: Macmillan. Originally published as Geldzins und Güterpreise (1898), Jena: Gustav Fischer.

Withers, H. (1909). *The Meaning of Money*. London: Smith, Elder & Co.

Woodford, M. (2003). *Interest and Prices: Foundations of a Theory of Monetary Policy*. Princeton University Press.