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***Embedding banks into model of the shifting
mode of economic reproduction***

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- The model created by ***Professor Malkov***, does not consider the banks. It is assumed that the production subsystems and households accumulate and store their own money.
- The calculations were performed by the base model applying an ***intermediary bank***. This showed that increase in output is possible without increasing money supply. It equals to decrease of economy monetization factor (about 7 times less by our calculations).

- This is the result of calculations by one of the scenarios with inclusion accumulated depreciation deduction into the economic circulation through ***consumer credit***.
- The simulated scenario may be correlated with the situation of high stability of prices, employment and bank interest rate for credits in industrially developed countries in the 19th century for quite a long time period (almost for a century).

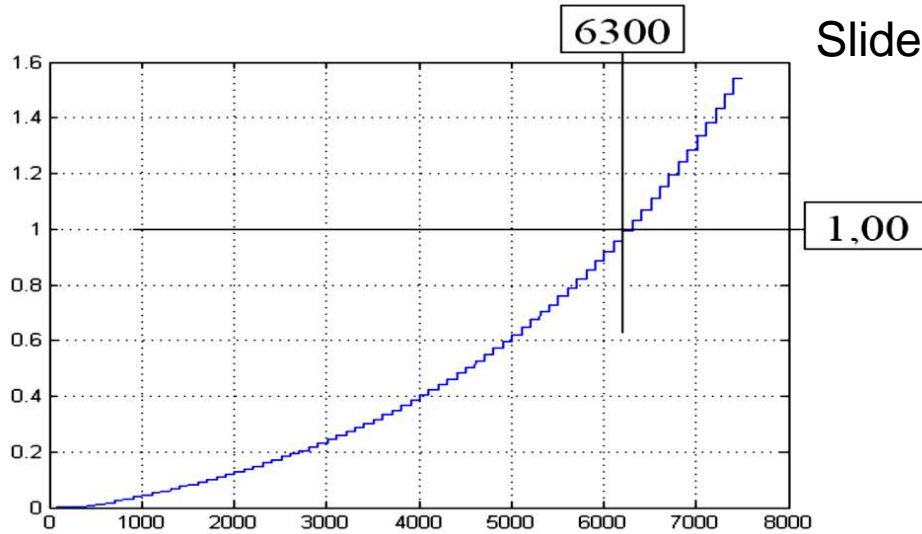


Fig. 1.1. Fluctuation in the gross volume of consumer credit to all the households for the period of 63 years (1 year = 100 scale divisions)

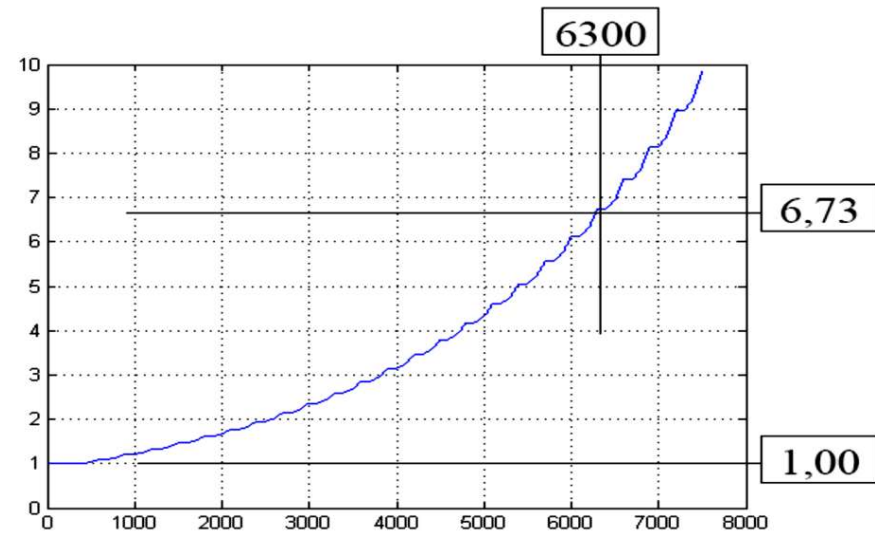


Fig. 1.2. The summarized amortization fund for all the subsystems

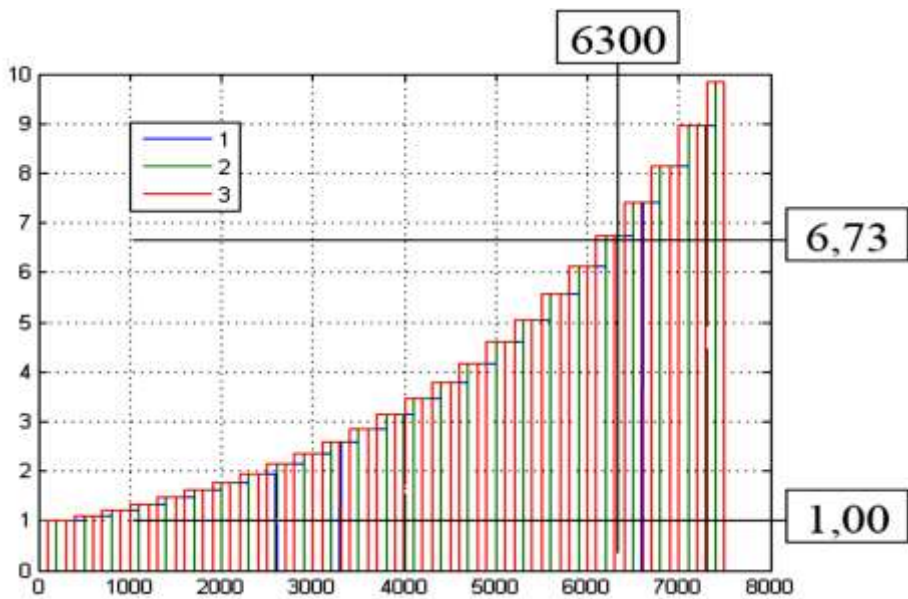


Fig. 1.3. Dynamics of G_i - subsystems production

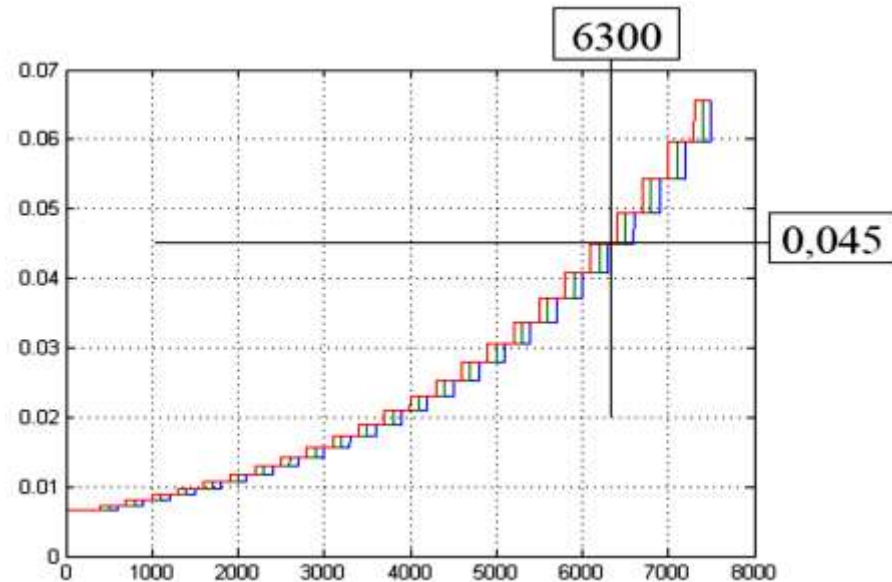


Fig. 1.4. Cash resources dynamics in households - M_{hi}

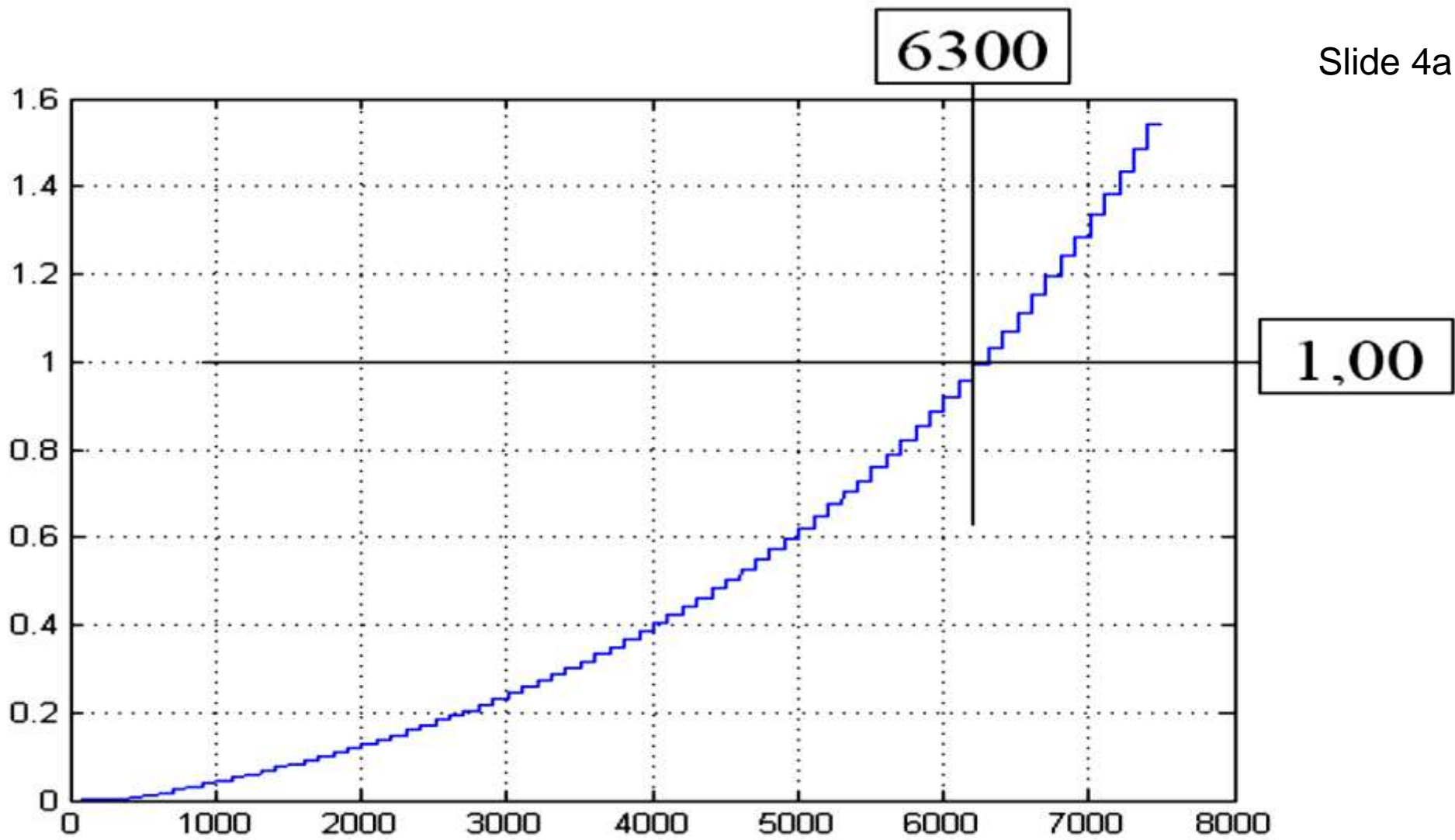


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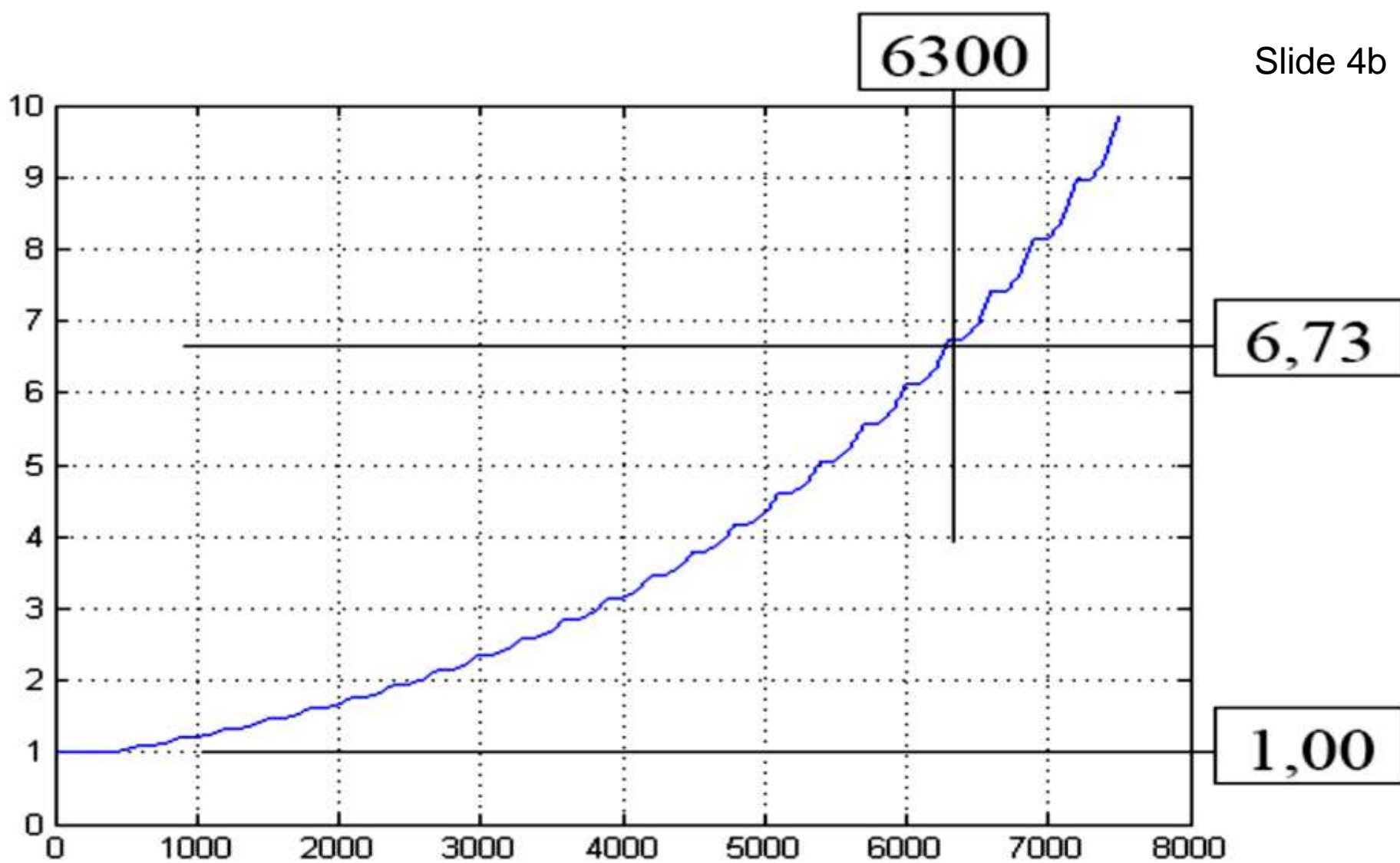


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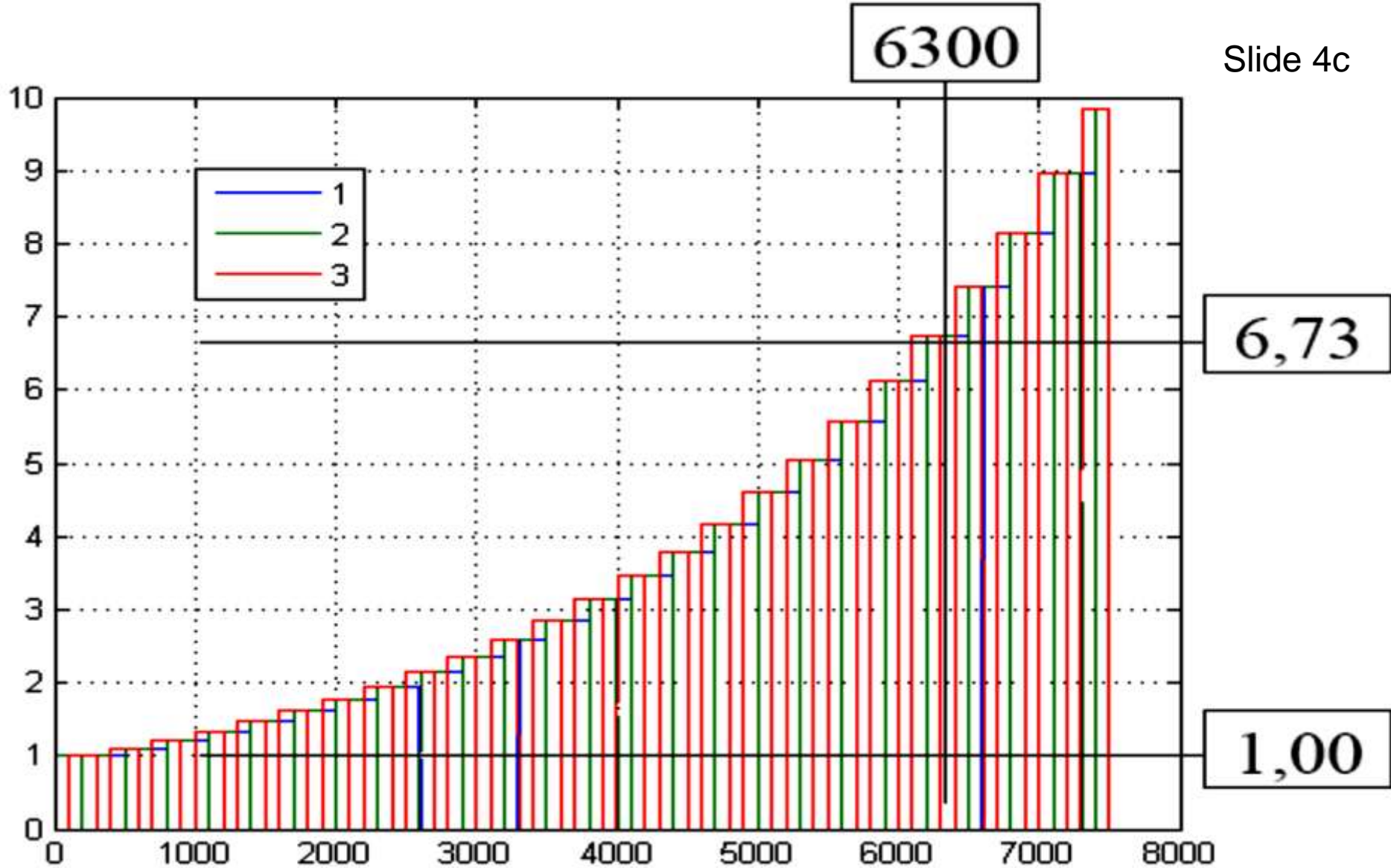


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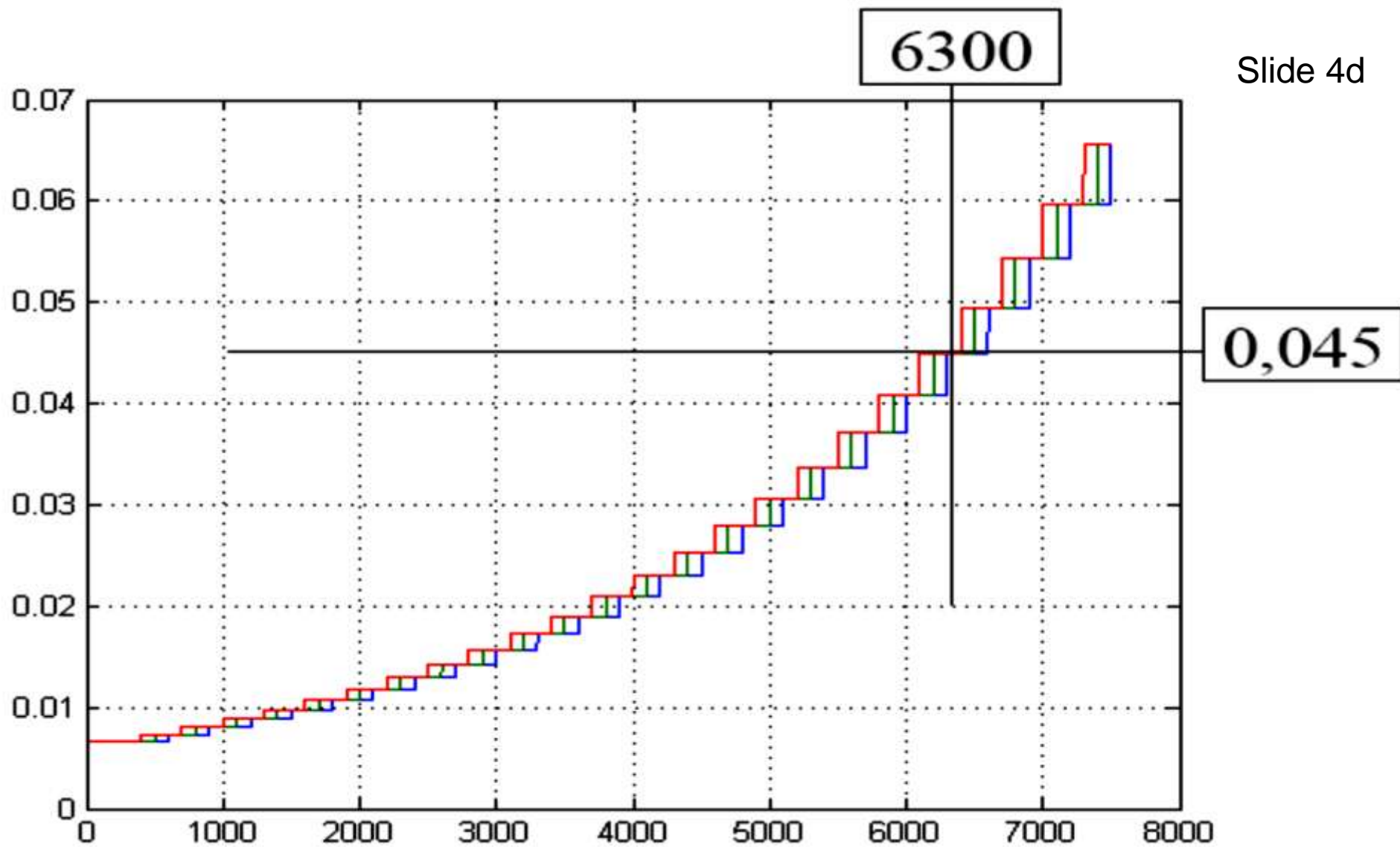


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- After the money subsystems and households to switch fully to the account of the intermediary bank, the economic system returns to the ***simple reproduction***, productivity is much higher than the starting conditions.
- Further economic growth is only possible in the case of an additional issue of consumer money ***issuing center***.

Summary conclusion:

- Accumulating temporarily redundant cash of certain subsystems and loaning it to other subsystems, the intermediary bank conduces decrease of the monetization factor.
- We understand this as one of the most important ways to demonstrate efficiency of the banking institution.

Many thanks for your attention