

# Contents

<b>Introduction</b>	<b>1</b>
<b>I Money, inflation, and capital formation in the long run: general remarks</b>	<b>5</b>
1 Summary of the literature: theoretical aspects	7
2 Summary of the literature: empirical aspects	19
3 Further reflections on money	29
<b>II Money, inflation, and capital formation: the perspective of overlapping generations models</b>	<b>43</b>
4 <b>The Diamond model with money as single outside asset</b>	<b>45</b>
4.1 The model . . . . .	46
4.2 Equilibrium conditions . . . . .	51
4.3 Policy effects . . . . .	58
4.4 Discussion . . . . .	61
4.5 Appendix . . . . .	63
5 <b>Variation 1: Imperfect credit markets and asymmetric information</b>	<b>65</b>
5.1 The model . . . . .	67
5.2 Equilibrium conditions . . . . .	71
5.3 Policy effects . . . . .	74

5.4	Discussion . . . . .	77
5.5	Appendix . . . . .	79
<b>6</b>	<b>Variation 2: Random liquidity needs</b>	<b>82</b>
6.1	The model . . . . .	85
6.2	Equilibrium conditions . . . . .	89
6.3	Policy effects . . . . .	92
6.4	Discussion . . . . .	95
6.5	Appendix . . . . .	97
<b>7</b>	<b>Variation 3: Standard cash-in-advance constraint and endogenous savings</b>	<b>99</b>
7.1	The model . . . . .	101
7.2	Equilibrium conditions . . . . .	104
7.3	Policy effects . . . . .	106
7.4	Appendix . . . . .	110
<b>8</b>	<b>Variation 4: Differentiated goods, multiple means of payment, and money as single outside asset</b>	<b>113</b>
8.1	The model . . . . .	117
8.2	Equilibrium conditions . . . . .	123
8.3	The regime with an exogenous cash-in-advance constraint .	126
8.4	The regime with an endogenous cash-in-advance constraint .	135
8.5	Appendix 1: Standard problem of the consumer . . . . .	138
8.6	Appendix 2: The regime with an endogenous cash-in-advance constraint . . . . .	140
8.7	Appendix 3: The regime with an exogenous cash-in-advance constraint . . . . .	144
8.8	Appendix 4: Plots . . . . .	149

<b>9 Variation 5: Differentiated goods, multiple means of payment, and alternative specifications of government activities</b>	<b>153</b>
9.1 Differentiated goods, multiple means of payment, and multiple outside assets . . . . .	155
9.2 Differentiated goods, multiple means of payment, and productive government expenditures . . . . .	160
9.3 Appendix . . . . .	164
<b>Summary</b>	<b>166</b>
<b>Appendix I: Technology</b>	<b>169</b>
<b>Appendix II: Dynamics</b>	<b>176</b>
<b>References</b>	<b>183</b>
<b>List of Figures</b>	<b>192</b>