



MONEY AND MONETARY POLICY

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On the Slovak book market there is an absence of publications dealing with the issue of monetary theory and policy. This gap is partially filled by Czech authors, from whom we can mention here the team of authors Zbyněk Revenda, Martin Mandel, Jan Koder, Petr Musílek, Petr Dvořák, Jaroslav Brada and their book "Peněžní ekonomie a bankovníctví" [Monetary Economy and Banking], or the monography by Zbyněk Revenda, published in two editions, under the title "Centrální bankovníctví" [Central Banking]. Of definite value are also the publications from 2004 by M. Mandel and V. Tomšík: "Monetární ekonomie v malé otevřené ekonomice" [Monetary Economics in a Small Open Economy] and by František Vencovský "Vzestupy a propady československé koruny: historie československých měnových poměrů 1918 – 1992" (The Rises and Falls of the Czechoslovak Koruna: A History of Czechoslovak Monetary Relations 1918 – 1992).

The latest books to appear in our bookshops in 2004 include also the work by Josef Jílek: "Peníze a měnová politika" (Money and Monetary Policy) published by Grada Publishing, reviewed by F. Vencovský, M. Mandelov, S. Šaroach and J. Svobodová.

Prof. Ing. Josef Jílek, CSc. is known to the professional public and students in Slovakia thanks to his books such as "Termínové a opční obchody" [Future and Option Trades], "Finanční trhy" [Financial Markets], "Moderní finanční produkty – Repo obchody" [Modern Financial Products – Repo Trades], "Finanční rizika" [Financial Risks], "Finanční a komoditní deriváty" [Financial and Commodity Derivatives] and "Účetnictví finančních institucí 2003" [The Financial Institution Accounting 2003] (co-authored with J. Svobodová), as well as being the author of 20 textbooks and more than 300 professional and scientific articles and presentations at domestic and foreign conferences. Professor Jílek works as a chief expert at the Czech National Bank and teaches at the University of Economics in Prague. His erudition is underlined by numerous study stays at universities and financial institutions abroad. A summary of his career is also to be found in the introductory pages of "Peníze a měnová politika".

The publication "Peníze a měnová politika" [Money and Monetary Policy] is divided into five chapters. The first chapter is devoted to the basic characteristics of money – defining its essence; the function it fulfils in its individual forms; the system of its creation and extinguishment,

where the chapter is supplemented by a definition of the banking system with the central bank at its head, and explained with the help of balance sheet and profit and loss statement of the central bank that may be taken from basic accounting documentation. The chapter is shaped by the theory of free banking and a definition of commercial banks.

The second chapter links to the first in the sense that it presents various opinions on the essence of money, working from two basic points – the neoclassical approach and the monetary theory of production. Here the author gives room also to such authorities as K. Wicksell, G. F. Knapp, J. A. Schumpeter, W. G. L. Taylor, A. Hahn, J. M. Keynes, D. H. Robertson, A. Dahlberg, where this is focused to large extent on opinions as to the creation of money by banks.

The third chapter is devoted to monetary policy, specific definitions of its instruments and aims. The author here analyses concisely the transmission mechanism of monetary policy as well as the advantages and disadvantages of a central bank's independence in realising monetary policy and applying monetary rules.

The penultimate chapter covers exchange-rate policy touching in particular on the issue of the exchange rate and the methods of setting it, a description of exchange-rate regimes and the forms of foreign currency interventions, where the chapter is supplemented by an explanation of the importance of the balance of payments and gold for the foreign currency market and a description of the monetary crises in Mexico and the Czech Republic.

The last chapter describes several elements of the system of payments, specific types of payments and payment systems. The author in individual chapters endeavours to interpret the presented issue in cases of the Czech Republic, the Euro-System and the USA. The work concludes with a list of source literature.

This work by professor Josef Jílek is without doubt the first well-known publication by the author in this field; so far we have encountered his writing only in connection with the financial market. The list of literature sources confirms the fact that the author knows the current foreign literature in this field, endeavouring to a large extent to bring an overview of it also into the work itself. On the other hand with regard to the short list of titles the fact is confirmed that there are few works on the book market covering opinions on the given topic.

The work contains somewhat long prefaces or intro-



ductions, in which a certain critical attitude of the author towards certain issues can clearly be felt. Here we can mention, for example, the importance of the money multiplier in monetary policy, but also his attitude towards the understanding of the monetary policy process as such by certain other authors. Professor J. Jílek sometimes uses different terminology and does not identify with the opinions of his Prague colleagues, which on the one hand opens up room for discussion in certain cases, since entering into the broader field of finance he can give rise to controversy, because in the limited space his conclusions on monetary policy are not always sufficiently supported. Naturally it is up to the reader to judge the author's views,

but as far as the book's original features are concerned, it is the approach of how the author has handled the given issue, which is not purely descriptive, but at places enters the spheres of essay. The book contains also numerical data or specific cases from practice in the central bank and from monetary development, in this case however the author exposes himself to the risk that the book will quickly become out of date.

The publication by J. Jílek in any case through the content itself and its style is of benefit to everybody seeking answers to questions connected with the formation, development and extinguishment of money.

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