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Research Article

BRIEFLY ABOUT THE QUANTITATIVE THEORY OF MONEY

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ABSTRACT

The application of the culturological approach allowed building a qualitative theory of money, which ensures the innovative development of the economies of the countries of the world. Using the model of social and political order, it becomes possible to correctly assess the indicators of the quality of national money. This opens the way for further development of methods for analyzing economic policy.

Key Words:

Structure, theory, quality, scientific and technological potential, competition, equilibrium

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INTRODUCTION

The globalization of the world economy entails an objective need for the development of intercountry competition. As the world experience shows, to enhance the country's competitiveness, an effective tool is needed to analyze the levels of production, employment, income and prices of goods and services. Now available tools for analyzing economic policy are based on a quantitative theory of money, which is expressed by the equality of nominal GDP (NGDP) to the product of real GDP (RGDP) and the level of inflation (the GDP deflator-pb)

This theory, limited by the real and financial sectors of the national economy in the context of globalization, leads to a distortion of the final results. Thus, Thomas Piketty in his monograph "Capital in the 21st Century" (2015) convincingly demonstrated the misleading use of inflation and nominal GDP for real product evaluation (p.114). We need a new model of economic policy analysis that will allow us to estimate the real rates of economic growth and the true values of goods and services.

A new model of the quantitative theory of money is proposed for the analysis of economic policy:

1. Calculation of the value of capital used in production, in its form of intermediate goods (QP): $\mu = \frac{NGDP}{QP}$;
2. Calculation of the level of scientific and technological potential of the state(c): $c = \frac{\mu}{1+\mu}$;
3. $FUNP = c * RGDP$ u $FUNP = pp * NGDP$.

CONCLUSION

This is a new model of economic analysis that is defined by the qualitative theory of money meets the tasks set by the President of Kazakhstan to the Astana Economic Forum in 2009 in the "Fifth Way" and in his Message to the People of Kazakhstan in 2017 "Modernization 3.0". Table 1 shows mathematical notations and sources of necessary information.

The results of Table 1 are based on the article "The Fifth Way" of the President of the Republic of Kazakhstan. The obtained results fully show that the quantitative theory of money monetarism is not capable of assessing the true value of goods and services, does not take into account the need to save material, capital and natural resources.

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Table 1 Comparative analysis of the model of monetary policy and the qualitative theory of money according to the national economy of Kazakhstan for 2010-2015.

Release of goods and services according to the statistics committee of the RK in current prices = X							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	mln. tenge	35939779	45446909	49657988	56160882	61860130	63958086
	%	100	126	138	156	172	178
GDP by revenue according to the statistics committee of the RK in current prices, nominal GDP = NGDP							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	mln. tenge	25877000.0	31887100.0	33711800.0	37523100.0	40973900.0	41569200.0
	%	100	123	130	145	158	161
The GDP deflator according to the statistics committee of the RK = pb							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	percent	119.6	118.9	104.8	109.5	105.8	101.9
	%	100.0	118.9	124.6	136.4	144.4	147.1
Calculation of real GDP by the methodology of the quantitative theory of money monetary policy = NGDP / pb							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	mln tenge	25877000.0	26818418.8	27054455.9	27500554.7	28383397.4	28258854.8
	%	100	104	105	106	110	109
Calculation of the adjusted intermediate consumption of commodity, capital and environmental resources -Qp, taking into account net taxes							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	mln tenge	10062778.6	13559808.9	15946188.4	18637782.3	20886229.6	22388886.2
	%	100	135	158	185	208	222
Productivity of intermediate commodity, capital and ecological resources -μ =NGDP/QP							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	units	2.6	2.4	2.1	2.0	2.0	1.9
	%	100	91	82	78	76	72
A new model of the level of scientific and technological potential of Kazakhstan (c= μ/(1+μ))							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	fraction s of unit	0.720	0.702	0.679	0.668	0.662	0.650
	%	100	97	94	93	92	90
New model of purchasing power parity of money (tenge)(pp=c/pb)							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	percent	100.0	82.0	75.7	68.0	63.7	61.4
	%	100	82	76	68	64	61
Calculation of goods and services actually consumed by the population and accumulated in the main capital of the state - FUNP=pp*NGDP							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	mln tenge	25877000.0	26133965.6	25508980.1	25519238.7	26110929.3	25508929.7
	%	100.0	101.0	98.6	98.6	100.9	98.6
Calculation of the true value of goods and services actually consumed by the population and accumulated in the main capital of the state- FUNP=c*RGDP							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	mln tenge	25877000.0	26133965.6	25508980.1	25519238.7	26110929.3	25508929.7
	%	100.0	101.0	98.6	98.6	100.9	98.6
Comparison of the new model of a qualitative theory of money with the calculations of real GDP, determined by the methodology of the quantitative theory . of money monetary policy (RGDP=pp*NGDP/c)/100							
Country name	Unitofmeasurement	2010	2011	2012	2013	2014	2015
RK	mln tenge	258770.0	268184.2	270544.6	275005.5	283834.0	282588.5
	%	100.0	103.6	104.6	106.3	109.7	109.2

*RK – Republic of Kazakhstan

Table 2 Matrix of comparative analysis of the quantitative theory of monetarism, the theory of Keynesianism and the qualitative theory of money from the point of view of the analysis of economic policy

	Keynesianism	The quantitative theory of money monetarism	Qualitative theory of money
1. Attitudetounemployment	The main evil for the economy, as it is fraught with social upheavals.	No government can be wiser than the market, you do not need to get involved so much in social programs	It is possible to carry out a socio-political assessment of the changes in the economy
2. Attitudetoinflation	Lesser evil than unemployment, as it can be controlled and kept within reasonable limits.	The main disaster for the economy of any state.	It is possible to disclose the content of inflation by its layout on the qualitative parameters of capital, in its form of money, capital and goods.
3. The role of the budget deficit	Occurs with a strong increase in public spending	To resolve the budget deficit, there is no need for constant state intervention in the economy, the market is a self-regulating system.	The budget deficit is created to ensure the sustainable development of the well-being of the population, business and the state
4. Moneysupplygrowthrates	It is necessary to increase the money supply to cover the budget deficit only if it occurs	The rate of growth of the money supply is constant and stable, regardless of the state of the conjuncture and amount is 3-4% per year.	It is possible to estimate the growth rate of money supply qualitatively, as well as production costs.
5. Attitude towards the dollar and other reserve currencies	The purchasing power parity of the dollar	The purchasing power parity of the dollar	The purchasing power parity of the dollar is determined by the model itself by a qualitative theory of money
6. Equation of the equilibrium model of capital, in its form of money and capital, in its form of commodity	$NGDP = c*pb_c + G*pb_G + I*pb_I + X*pb_X - E*pb_E$	$NGDP = pb*RGDP$	$FUNP = pp*NGDP$ и $FUNP = c*RGDP$, thus, by equality: $pp*NGDP = c*RGDP$

This model of the qualitative theory of money is applicable to the analysis of the economy of any of the countries of the world, regions, enterprises, as well as of any kinds of economic activity.

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