

Today's OECD countries face a crisis of growth as well as a growth crisis: Whereas swelling throughput rates of natural resources, devastating our natural habitat, persist still untamed, nominal growth rates remain largely below economically necessary quotas to avoid vast unemployment, private and national bankruptcies, civil commotions. In this dilemma situation, short term economic concerns mostly prevail over medium-term ecologic concerns.

Consequently, degrowth strategies are not only depending on political decisions, but also on concepts of economic orders which permit the expectation to be stable and prosperous without the necessity of nominal or real (throughput of natural resources) growth rates. Nonetheless, this is not on the agenda of mainstream economics.

The enduring financial and Euro crises not only hit the real economy (especially in the European periphery), but also put financially-driven growth models into question (e.g. in Spain and Great Britain). As the implemented fiscal and monetary policy measures (mainly austerity and quantitative easing) could not prevent an enduring recession, the crises aroused not only popular and academic interest in the current monetary policy of central banks, but also broadened the academic discourse towards a general re-assessment of the European monetary architecture.

Fortunately, the rich variety of monetary regimes throughout history as well as ongoing currency experiments (e.g. Bitcoins) enable us to think beyond minor readjustments of the status quo and to put the basic variables all new into question. But is this potential fully utilized to broaden the academic discourse on monetary policy, and to take unconventional monetary policy options into consideration?

In this paper I will argue, that despite we do not lack various profound analysis on causes and dilemmas of the crisis, some of the feasible options are still widely blanked out in the academic discourse – even in the 6th year of the crisis and not only by the Mainstream, but even by most of the heterodox research branches in economics.

First, a quick overview differentiates contemporary narratives of economic thinking that confine aspects of the problem from different perspectives: Namely asset-price inflation vs. credit crunch risk, over-production crisis vs. global lack of demand, as well as zero bound problem vs. quantitative easing – which are already quite established if not yet compatible to the Mainstream discourse.

Second, I argue in this paper, that those narratives can be framed in a broader central bank dilemma: In order to allow market clearing under price stability, the current challenge for central banks – simplified to a steady state model – is either to GDP-activate or to temporarily replace GDP-inactive stocks of money. However, within an endogenous monetary system, this demand for GDP goods is highly depending on commercial banks and borrowers, and cannot be achieved autonomously by the central bank and/or the treasury (e.g. by simply printing money and buying GDP goods). Meanwhile, central banks are at the end of the scope of their traditional incentives and have to realize, that you can lead a horse to water, but you can't make it drink: While most of the cheap money is being hoarded by banks or already feeding the next asset bubbles, the real sector still is to be left stranded.

Third, and based on this, I show that in order to overcome this central bank dilemma, some unorthodox policy options are increasingly discussed even in mainstream discourses (e.g. inflation policy and central bank interest rates). On a less positive note, other unorthodox measures are still widely neglected in the academic discourse (e.g. demurrage, exogenous money supply, and complementary currencies). But, in order to broaden the room for maneuver to solve the growth crisis as well as the crisis of growth, it is important that also such regulatory approaches are not put off the table beforehand.

Finally, I conclude that at least the heterodox research branches in economics should think outside the (mainstream) box and systematically evaluate neglected alternative policy ideas and perspectives.

Keywords

Monetary Economics, Macroeconomic Regulation, Central Bank Dilemma, Unconventional Monetary Reforms

Remarks

1. This application consists of an extended abstract, thus only meets the requirements for a short paper. And I can do this in 20 minutes flat. Nonetheless, more time to present and to discuss would be useful. If the time frame of the conference allows a couple of minutes more, I would appreciate it very much.
2. To present in a joint session with Prof. Helge Peukert would be great. In general, my presentation would fit in sessions on monetary issues, for example with the contributions of Benedikt Weihmayr, Oliver Richters, etc. Most important is, that those monetary contributions do not end up in parallel sessions, which would force the interested audience to split up.
3. As this and most presumably most of the scientific contributions are more targeted on an expert audience and showed to be less accessible for interested layman, I will also offer to guide an introductory workshop on the monetary system, its problems and reform options in the non-scientific part of the program (see application at practical contributions).