

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: A Program of Financial Research Vol 2: Inventory of Current Research on Financial Problems

Volume Author/Editor: Exploratory Committee on Financial Research

Volume Publisher: UMI

Volume ISBN: 0-870-14459-6

Volume URL: <http://www.nber.org/books/expl37-2>

Publication Date: 1937

Chapter Title: Part V. Functions of and Needs for Credit

Chapter Author: Winfield W. Riefier, Chairman, David Friday, Walter Lichtenstein, J. H. Riddle

Chapter URL: <http://www.nber.org/chapters/c0816>

Chapter pages in book: (p. 207 - 210)

## PART V

### *Functions of and Needs for Credit*

#### TYPES OF PROJECT

*Projects reported in this area are those types that are devoted to problems of: (a) defining fundamental financial concepts; (b) describing the mechanisms and processes by which credit functions under modern economic conditions; (c) analyzing theoretically the stabilizing and unstabilizing effects of credit; (d) evaluating the alternative mechanisms of control and supervision of credit with respect to social needs. Such projects are primarily analytical or theoretical in approach and method.*

## PART V

### *Functions of and Needs for Credit*

#### A. *Concepts of Money, Currency and Credit*

- (a) Meaning of money and currency { Functions of and needs for money  
Nominalism, metallism, and commodity theory  
Types of monetary standard
- (b) Meaning of credit { Time-space elements and the need for credit  
Types of credit  
Instruments of credit  
Use of credit in payments, clearings, collections  
Velocity of circulation
- (c) Relationships among currency, credit and prices

#### B. *Credit and Economic Organization*

- (a) Supply of credit { Individual savings  
Corporate savings  
Public savings  
Currency and bank credit expansion

- (b) Demand for credit { Working capital demands  
Investment demands  
Speculative demands  
Consumer demands
  
- (c) Allocation of credit { Adequacy of facilities  
Availability of information  
Guidance of investment  
Terms, as interest, priority, repayment method
  
- (d) Relation of credit terms to { Capitalization of income  
Volume of circulating and other credit  
Volume of debt service  
Output of producers' and consumers' goods
  
- (e) Flow of credit and the mechanism of adjustment { Effects on prices, exchange rates, incomes, trade

C. *Credit and Economic Stability*

- (a) Credit as a cause of instability { Instability of prices and production as related to the quantity of credit  
Costs of credit and the rate of debt formation  
Fixed debt charges and fluctuations in income  
Non-liquid assets of credit agencies vs. fluctuating withdrawals of deposits and other liabilities  
Interest changes and fluctuations in security prices  
Income distribution as related to changes in the quantity of credit

(b) Credit as an aid to stability and expansion

- Use of credit to stabilize production and prices
- Role of credit in accelerating capital formation, output and consumption
- Credit and the anticipation of income
- Function of credit in equalizing incomes and outlays
- Objectives of currency and credit management