Referee's report on "An inconsistency in using stock flow consistency in modelling the monetary profit paradox"

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This short paper focuses on the so-called "monetary profit paradox" within the theory of the monetary circuit. The Author uses a mathematical approach (in order to point out an inconsistency in Keen's solution to the "monetary profit paradox") rather than providing first a conceptual analysis of this paradox. The literature considered by the Author is too narrowly focused on the maths and neglects or ignores thereby the more fundamental as well as conceptual issues that have been addressed, for instance, by Schmitt (1966) and Rossi (2008).

To put it shortly:

- i. the contribution of the paper can be potentially significant but its analysis has to be rigorously elaborated upon, starting from an in-depth survey of the literature that treats the "paradox of monetary profit" on conceptual grounds.
- ii. the analysis presented in the paper might be correct on mathematical ground but lacks so far an explicit conceptually-sound macroeconomic framework.

The style of the paper should also be improved and polished up.

All in all, the paper cannot be published as it stands. Some major revisions are required in order to make this paper publishable. The Author should be encouraged to do so, in light of the comments summarized above.

References

Rossi, S. (2008), "Money, credit, and income distribution: a monetary circuit analysis", in P. Bini and G. Tusset (eds), *Theory and Practice of Economic Policy: Tradition and Change*, Milan: Franco Angeli, pp. 283–305.

Schmitt, B. (1966), Monnaie, salaires et profits, Paris: Presses Universitaires de France.