6 Endnotes

1. www.reservebank.co.za.
2. www.federalreserveboard.gov.
3. www.bankofengland.co.uk.
4. The Bank of England was not a CB at that stage, but became the forerunner of central banks.
5. Here we ignore the term of deposits as it just complicates the story of money; in any case the vast majority of deposits are of a short-term maturity.
6. Or liabilities in some cases.
7. See www.reservebank.co.za.
8. The data span is almost 10 years, and is for a particular country which has a good record in terms of the conduct of monetary policy. The central bank's target is interest rates, and it manages rates via creating a permanent bank liquidity shortage (LS), which makes the KIR effective. This means, as seen in the figure, that the unfettered IBM rate is set by the banks with reference to the KIR. In normal times this is the style of policy adopted by most central banks.
9. In some countries the central bank does, but this takes place under extreme conditions of high bank liquidity when there is no other option. High liquidity renders monetary policy ineffective, and paying interest is an effort to make policy partially effective. This is a complicated story on which we will be silent in this book in the interests of our keeping the principles unfettered.

10. The singular is applicable because the banks always have the same prime rate – certainly in the vast majority of countries.
11. This is so because the public accepts deposit money as a means of payment.
12. Except "self-imposed" creditworthiness-assessment in the case of individuals and scrutiny of viability in the case of the corporate sector.
13. At times banks do have excess reserves (usually as a result of an interbank settlement error). In certain developing countries banks have chronic ER (this is an interesting topic on its own). The concept NER accommodates this situation.
14. This draws on www.reservebank.co.za.
15. www.reservebank.co.za.
16. Domestic non-bank private sector.
17. Jevons, 1875:321.
18. Davies, 2002:261.
19. Jevons, 1875:264.
20. Jevons, 1875:267.
21. www.boe.gov.uk.
22. This section draws heavily on Falkena, et al, 2001, Pilbeam, 1998.
23. This section benefitted from www.reservebank.co.za.
24. Federal Reserve Board.
25. Bank of England.
26. European Central Bank.
27. Federal Reserve Board.
28. Bank of England.
29. Bank of Canada.
30. This section benefitted from www.reservebank.co.za.
31. www.reservebank.co.za.
32. This draws heavily on www.reservebank.co.za.
33. www.bankofengland.co.uk.
34. www.ecb.int.
35. www.reservebank.co.za.
36. Meijer,1992:302.
37. The author has come across this model in certain small countries. They are usually donor-receipt countries, and the model is forced upon them by multilateral international institutions in order to instil monetary discipline (in the severe absence thereof).
38. www.bankofengland.co.uk
39. In this case to avoid deflation.
40. Bank reserves.
41. www.rba.gov.au.
42. www.boc.co.ca.
43. http://www.federalreserve.gov/monetarypolicy/discountrate.htm.
44. It is based mainly on the illustration at www.bankofengland.co.uk/images. Amendments made by author.
45. Here we ignore the firm-RR model, which is essentially a theoretical model rarely applied today.