



The Apotheosis of Wealth: A Comment

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Communications

Several communications have been sent to the editor regarding two reviews which appeared in the December 1968 issue (Volume 58 [51])

of the American Economic Review. In that issue Stephen W. Rousseas of New York University reviewed Boris P. Pesek and Thomas R. Saving's *Money, Wealth, and Economic Theory* (pp. 1438-41) and William G. Dewald of Ohio State University reviewed *The Foundations of Money and Banking* (by the same authors—both books were published by Macmillan, in 1967 and 1968 respectively) on pp. 1443-45.

A Comment

Although I would agree with the reviewer [Rousseas] that *The Apotheosis of Wealth* would have been a better title of the book at issue, I would also disagree with him about various points the latter "failed to see." And voilà a few of these points. First, in page 1440 the reviewer gives an alternative type of a *capital* good that might be used as commodity money. This is tobacco (1) *vis à vis* refrigerators

(c) a specific type of a private money producer, known as commercial banks (pp. 90-101). For pedagogical reasons P & S assume under (a) that all sales of privately produced money are final (p. 81), and consequently the change in net wealth is simply the total sales of private money (p. 81). Nevertheless, in more realistic cases, as (b) and (c) above, the "all sales final" assumption is not needed anymore. This shift in as-

the standard example of Pesek and Saving (P & S hereinafter.) Based on the former good he proceeds to declare as "very silly" the argument of P & S. But the tobacco ex-

sumptions leads private money producers—commercial banks—to sell their product (demand deposits) for financial assets, etc.

This latter development leads to a more sophisticated statement of their conclusion