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- 1 Bernard Schmitt spent more than half a century developing a solid monetary theory of production. Three years after his death, his main disciples pay homage to his work and influence with this multiauthor collaboration. However, from the first pages it is evident that this collaboration is not a simple tribute to their master, but a profound and serious vindication of the contribution of Bernard Schmitt to contemporary macroeconomics.
- 2 The diversity of authors, approaches, and subjects that are addressed in the several books written by Bernard Schmitt makes it difficult to present this author in only a single volume. Maybe for this reason, the editors of this volume have preferred to organize all the contributions around the subject they consider the main legacy of the honoree: 'quantum macroeconomics'.
- 3 The book is organized into two sections comprised of five chapters each. The first one focuses on the analysis of the domestic economy, particularly Schmitt's contribution to central macroeconomic phenomena such as inflation and unemployment. The second section considers the international economy; here the authors detail Schmitt's method to explain the international monetary (dis)order and its associated problems. However, as in Schmitt's work, the book shows a deep interrelation between the domestic and international economy.
- 4 For those who are just getting into Schmitt's macroeconomics, the first chapter will surely be the most relevant. In a few pages, Claude Gnos describes the keystone of Schmitt's approach, which turns out to be absolutely essential to understand not only

the rest of the book, but Schmitt's whole bibliography. As Gnos argues, in quantum macroeconomics money is not a preexisting stock, as it is often presented in mainstream economics, nor is it an asset with a positive purchasing power created ex-nihilo by the banking system, as frequently read in post-Keynesian literature. Money is an asset and a liability at the same time and a pure unit of account without purchasing power *per se*. Only wages, the monetized face of the physical output of a national economy, acquire purchasing power. This intrinsic link between output and wages is taken into consideration again in the second chapter by Jean-Luc Bailly in order to show the monetary economy of production as a space of 'absolute exchanges'. Contrary to the neoclassical theory where an economy is shown as a market of goods and services which are sold and purchased by relative exchanges, quantum macroeconomics assumes the central role played by money, wages and monetary payments. According to this approach, insofar as money creation cannot be dissociated from output, exchanges in an economy are 'absolute' and not 'relative'. Therefore, since wages are monetized portions of total output payment, the use of wages in the payment of goods and services is, from a macroeconomic perspective, an absolute exchange of the two sides of production: the physical output and nominal wages.

- 5 Starting from this solid theoretical *corpus*, one can then deal with the study of inflation and unemployment – developed in chapters 3, 4, and 5 – and treat them as the consequences of malformations formed within the process of capital accumulation and amortization. In chapter 3, Xavier Bradley refers to inflation and unemployment not as phenomena of two opposite dynamics, as mainstream literature usually does, but as two phases of the same amortization process of malformed capital. In the first stage, amortization of capital carries out an over-accumulation of capital, and thus increases growth rates. As households pay for firms' over-investment, their purchasing power vanishes and debt increases. As the share of incomes that feed capital earnings fall, profitability decreases too and firms then reorient their investments towards the financial system. It is at that stage that productive investments fall, and high growth rates and inflation give way to increased unemployment rates.
- 6 Chapter 4 especially focuses on unemployment; it is taken from a manuscript written by Schmitt himself. This chapter uses an example of a fictional economy to show the importance of amortization and its management within the banking system for explaining shifts in unemployment levels. However, instead of analyzing the problem in terms of value and time – as it is done in his book *Inflation, chômage et malformations du capital* (1984) – the example here is developed in terms of pricing and three economic sectors.
- 7 Chapter 5 closes the first part of the book with a proposal for reform of national banking systems that would integrate the particularities of capital amortization and avoid the cycles of inflation and unemployment in capitalist economies. Based on the macroeconomic approach presented in the previous chapter, Alvaro Cencini presents a reform based on the departmentalization of banking firms. All three departments that, according to Schmitt and Cencini, should constitute any banking firm – the emissions, savings, and fixed-capital departments – would have the same, specific purpose: they would guarantee a stable equivalence between physical output and the nominal wages issued at a time.
- 8 Chapters 6 to 10 focus on the study of international monetary relations, Bernard Schmitt's other main field of interest. Most of the chapters are built around a

fundamental issue: the disorder in international payments and the inconveniences for countries with external-debt libeled in foreign currencies. The main problem resulting from this disorder is that these countries face double payments of interest on their external debt. Interest is paid individually by the residents but also again by the country as a whole, since the foreign units of account needed for the debt payment have to be bought in foreign-exchange markets in exchange for a share of national income.

- 9 In the sixth chapter, Edoardo Beretta explains how this double charge of net interests mostly affects the Less and Least Developed Countries. The main contribution of this chapter to quantum macroeconomics is twofold. First, he relates this question to the Keynes-Ohlin-Rueff debate (1929) about the 'German reparations payments'. Second, he combines the theoretical framework with recent statistical evidence, which is quite rare in quantum macroeconomics literature.
- 10 The problem about the duplication of net payments for external debt appears again in chapter 9. There, Alvaro Cencini explores the three different paths used by Schmitt to show this pathology in the international system. The frequent dissociation between the so-called 'real' and 'monetary' spheres in mainstream economics might explain, according to Cencini, why this double charge has gone historically unnoticed.
- 11 Nadia Piffaretti returns in chapter 7 to debate the reform of the IMS, specifically to the proposal made by Keynes – and by Schumacher – in the aftermath of World War II and to the contribution of Schmitt on this issue some decades later. The main importance of this question lies in the fact that, from his solid theoretical approach on the study of money, wages, and production, Bernard Schmitt actually criticized and completed Keynes' proposal for the monetary integration of countries towards an International Clearing Union. This last idea inspires Sergio Rossi in his criticism of the European monetary integration process in chapter 8. According to him, monetary integration on the continent could have been addressed differently than merely abandoning national currencies and transferring total monetary sovereignty to a central authority. Furthermore, he highlights the fact that, as predicted by Schmitt, the final shape taken by the European monetary union has led to asymmetric dynamics between member countries and resulted in economic instability.
- 12 Facing all these problems at the IMS, Chapter 10 presents then a reform proposed by Schmitt to be applied at a national level by those countries who want to avoid the problem of the double charge. In theoretical terms, the goal of the institutional reform would be to satisfy the microeconomic and macroeconomic dimensions of the external payments with one, comprehensive payment instead of two separate ones, as happens in the modern IMS.
- 13 Overall, it should be noted that the proper reading and understanding of each one of these ten chapters takes great concentration and time. That is not a negative quality at all. In fact, since the book presents a macroeconomic approach that is very different from the usual neo-classical 'Synthesis', a high degree of complexity is necessary. However, the book contains four recurring steps that can help the reader navigate and understand the lecture: 1) the explanation of theoretical fundamentals of mainstream economics; 2) these are deconstructed; 3) current macroeconomic concepts are rebuilt and recycled – money, savings, payments, investments, etc.; 4) a new interpretation is given about the main patterns observed in current national and international macroeconomics.

- 14 In general, most of the chapters start with a theoretical review of the main concepts of quantum macroeconomics before analyzing any specific subject (inflation, unemployment, external debt, etc.). This method is indeed very helpful. However, for those unfamiliar with Schmitt's work, the careful presentation of the theoretical corpus in chapter 1 (chiefly) and chapter two is very important for understanding the rest of the book or, at least, the first section. In that sense, the book might lack an opening chapter in section 2 introducing the reader to the concrete study of the international monetary and the financial relations in the IMS, as Schmitt did, for example, in *Théorie unitaire de la monnaie nationale et internationale*.
- 15 The book is rich not only because it employs a huge variety of theoretical approaches, but because there are also frequent references to heterogeneous scientific disciplines that Schmitt made use of during his career. As mentioned above, besides macroeconomics, there are frequent references to historic economic thought, epistemology, as well as to some events in recent economic history. At the same time, as in Schmitt's work, the use of accounting techniques is recurrent to show the dual nature of money, both as an asset and a liability. Nonetheless, elements from engineering and physics are also deployed in order to combine very heterogeneous concepts such as: production, amortization, assets and liabilities, time as quantum, etc.
- 16 We also find specific-references in this work between quantum macroeconomics and recent events in the contemporary international economy such as: the financialization of the global economy -in chapter 3-, the European monetary integration and the TARGET2 system -in chapter 8-, or the austerity programs applied by the Troika in some European countries - in chapter 10. These punctual references are welcomed and make the reading of the book much more stimulating, especially given the effort of abstraction needed when reading quantum macroeconomics.
- 17 The book finishes with an interesting post face by Sergio Rossi, in which he surveys the literature of quantum macroeconomics and presents the similarities and differences between the Schmitt school and the Keynesian one, as well as other heterodox approaches. Inasmuch as the book presents and vindicates the legacy of Bernard Schmitt, we believe it would have been interesting to include more contributions of this kind to help not only review the main fields of study of quantum macroeconomics, but chiefly to situate this approach among the current economic debates or, at least, within heterodox economics.
- 18 All in all, this book is a coordinated and solid work presenting Bernard Schmitt's impressive contribution to the study of macroeconomics. This work counters conventional economics from almost the first line, which presents readers with a challenge. First, (s)he has to unlearn the basic macroeconomic notions derived from the marginalist approach, the Synthesis, or even from the Keynesian school itself; second, an effort of abstraction is needed in order to acquire an insightful perspective on current capitalist economies and the main contemporary macroeconomic problems. Undoubtedly, we believe this intellectual investment is worthwhile.

AUTHOR

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