

the quantity and efficiency of money—are always independent determinants of the price level and hence of changes in the value of money; and we have seen that this is true also of bank money, which differs from paper money not with respect to its immediate effect upon purchasing power, but only in that the price rise due to bank money calls forth forced savings which serve production, whereas the price rise due to paper money calls forth forced savings which serve consumption. It follows that the monetary causes of the price level should be statistically distinguished from its “commodity causes”, just as they are distinguished conceptually. The way to do this is an appropriate development of income statistics.

The sum of incomes is equal to the product sum. Its magnitude is determined only by monetary causes. If the quantities and kinds of commodities always remained the same, the changes in the sum of incomes would be the measure of changes in the purchasing power of the monetary unit. But the quantities and kinds of commodities do not remain the same and the sum of incomes can therefore not measure the changes in the value of money. It measures only those changes in purchasing power which would come about if the condition just stated were fulfilled, and which do not come about for the only reason that they are paralysed by changes in the quantities and kinds of commodities. But, in addition, the sum of incomes measures those influences which affect purchasing power from the side of money and that part of the actual changes in the value of money which is due to monetary causes. It ought to be possible, by means of this instrument, to detach from an index of changes in purchasing power also a measure of the commodity influence.

After all, this is nothing more than a self-evident proposition. Money incomes are shares in the social product. If the sum of incomes increases, for example, this must involve an exactly equivalent relative fall in the significance of the unit in which they are expressed, *i.e.* in their significance as certificates of participation in the national fund of goods. It follows that there is precious little sense in simply regarding an increase in a country's sum of incomes as a symptom of the development of its wealth. It also follows that if the sum of incomes were held constant, such long-run changes in the price level as would still occur, would be due only to commodity causes—the monetary causes, which are by far the more important, would be eliminated. It is more than doubtful whether this would be altogether desirable from all the standpoints from which the matter may be considered. But that is not the question under discussion here.