

certainly come up with past statements that would enable him to disavow the theories as they are presented here.)

Briefly I feel the analysis leads me at least to conclude that while important contributions have been made to show that "money does matter," this is far from the conclusion and it leads to entirely different policy prescriptions from claims that "only money matters." The belief that control of the money supply would be the most efficient type of governmental economic policy is not supported by either the facts or theory. It pays too little attention to the basic non-monetary causes of instability and to changes in the demand for liquidity.

Because our economic system is complex, we need complex theories to analyze it. We must take into account changes in demand whether they come from government spending, from psychological factors, from endogenous cycles, from the money supply, from shifts in liquidity preferences or innumerable other forces. By considering a large number of variables which alter income, employment, and prices, we can explain and predict what is happening to the economy. Based on this knowledge, a flexible monetary and fiscal policy can be more efficient than a single variable policy in reducing the amount of instability and increasing the growth rate of the economy.