Thus, the direct causal link between money and income is broken. An excess of money over the demand for it may cause people to buy bonds in place of, or in addition to, commodities. A rise in the demand for goods may ~~similarly~~ raise interest rates. A given supply of money may not halt the expansion of demand from non-monetary sources. It may support a higher income level by turning over more rapidly.

It is, of course, true that there is a way in which changes in bond prices and in velocities may affect spending. An excess of money holdings may be passed on through successive portfolios via shifts in yields on assets. People and institutions see short-term gains in selling bonds at high prices. As one does so after another, the outcome eventually will be more spending, but how much more cannot be foreseen. How high a degree of leverage the money stock can exert on income, particularly in any short or intermediate period, is questionable.

While avoiding this error of which they are at times accused, the "money supply only" theories do seem to me to neglect, ignore, or dismiss as insignificant a number of other highly important points.

Non-Monetary Causes of Spending Shifts

One is the effect on the economy of changes in spending caused by wars, changes in the size and composition of the population, alterations in technology, government programs, the expected return on capital, and shifts in exports. The impact on income may become cumulative through operation of the multiplier-acceleration process as well as through the