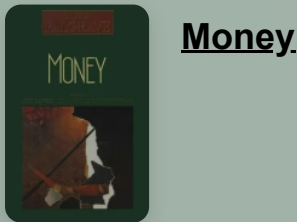


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Quantity Theory of Money

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and commodities... In the progress toward these changes, the augmentation may have some influence, by exciting industry, but after the prices are settled... it has no manner of influence.

[T]hough the high price of commodities be a necessary consequence of the increase of gold and silver, yet it follows not immediately upon that increase; but some time is required before the money circulates through the whole state In my opinion, it is only in this interval of intermediate situation, between the acquisition of money and rise of prices, that the increasing quantity of gold and silver is favourable to industry [W]e may conclude that it is of no manner of consequence, with regard to the domestic happiness of a state, whether money be in greater or less quantity. The good policy of the magistrate consists only in keeping it, if possible, still increasing ...

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