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Friedman and Schwartz's estimate of the

size of what they call the money multiplier — the ratio of the cyclical percentage change in income associated with the percentage change in the stock of money — indicates that the cyclical variation in the income velocity of money is of approximately the same magnitude as the cyclical variation in the stock of money. This conclusion, together with the observed leadership of the change in the stock of money, implies a lag in cyclical changes in velocity behind business cycle peaks and troughs. But surely velocity can hardly lag as far behind the cyclical turning points as the stock of money leads, at least when the latter is measured by the change in the rate of change. Let us hope that Friedman and Schwartz, in their forthcoming volume on trends and cycles in the money stock, will include an analysis of the trends and cycles, particularly the cycles, in income velocity and the timing relationship between such cycles and those in the stock of money. Pursuit of this question should provide a considerable degree of enlightenment on the sequential process and the direction in which causal factors operate throughout the course of business cycles.