determines prices.[1] Simple as this statement is it has nevertheless given rise to two opposing groups of economists,[a] or money theorists, each of which claims it as the true theory, though viewed from the respective sides, ~~it would appear to mean~~ is seen ~~to~~ represent two different sets of ideas. The cause of opposition has arisen in the interpretation given to the word "money"; the one group claiming that by "money" is meant merely the "money metal used as the standard of value"; the other claiming that the word "money" includes all media of exchange, credit instruments not excepted.[2] The existence of this second group is due to a failure to distinguish between the essential functions of money. It is not ~~money~~ in terms of ~~against~~ the media of exchange that the price ratio ~~between~~ is expressed. It is in terms of that metal which is used as the common denominator of value, (which in this country is gold). This common denominator ~~too~~ is the money side of the ratio, not the media of exchange.

1. Professor J. Shield Nicholson, states the theory thus "The quantity of <u>standard</u> money, other things remaining the same, determines the general level of prices, whilst on the other hand, the quantity of token money is determined by the general level of prices" — Treatise on Money and Essays on Monetary Problems (Third Edition, London, 1895, p. 93)
2. President Walker concludes that bank notes are a part of the supply. — Quarterly Journal Economics. Oct 1893. p. 62 ~~&~~ 74