REJOINDER

It gives me pleasure to acknowledge that Professor David I. Fand, in his Reply, has made it clear that "the exogenous-endogenous classification" used in his paper "hinges on whether or not the variable can be controlled by the authorities".

In my turn I would like to make it clear that I have kept to a diverse criterion of classification, and precisely to that adopted by Professor Milton Friedman and by Walter H. Heller in their discussion on *Monetary v. Fiscal Policy* (New York University, Norton & Co., 1969). This criterion leaves out of consideration whether or not the variable can be controlled (or even influenced) by the authorities (1).

It seems to me that under this classification there can be no question but that the nominal money stock must be included among the endogenous variables. This, as I had already affirmed, does not rule out that the monetary authorities can "control" or "govern", or at least can "influence" the nominal money stock. From this point of view, therefore, as Professor Fand now states, the nominal money stock can be considered "as a policy variable that has significant instrumental properties".

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(1) In the Glossary published in the Appendix to the discussion one reads: "Endogenous variable. A variable whose value is determined by the values of other variables *within* the particular model used to explain events". "Exogenous variable. A variable whose value is determined *outside* the particular model used to explain events", (p. 92: my italics).