

Preface. In *Money and Economic Development: The Horowitz Lectures of 1972*, by Milton Friedman, p. vii. New York: Praeger Publishers, 1973.

All issues of economic policy have two separable aspects: first, positive economics, the scientific question of the relations that we are dealing with, the question of the effect of any action taken; second, normative economics, the policy question of the results we want to achieve and how best to achieve them.

My two lectures correspond to this division. Today, I shall talk almost exclusively about positive economics in the field of money—about what is true, or believed to be true, and what evidence we have for it. In my second lecture on Thursday, I shall try to bring positive economic analysis to bear on the question of what is an appropriate monetary policy for a developing economy. That discussion will be concerned with developing economies in general, but I think it has a great deal of relevance to Israel in particular.