THE DISCUSSION ON
SIR DENNIS ROBERTSON'S PAPER
Chairman: PROFESSOR JÖHR (Switzerland)

The discussion was opened by Professor Léon Dupriez (Belgium). He said: As the first to speak, I think it may be useful if I explain the purpose of the two prepared interventions which will open each day's discussion. They have, it seems to me, the object of singling out from the main paper a few general ideas which are more especially suitable for discussion, and so preparing the ground for the later debate. In this spirit, I shall avoid disputing points of detail, and shall confine my attention to two main themes:

(1) the meaning of the word 'stability' in the context of our discussions
(2) the link between the rate of investment and the rate of progress.

I. THE MEANING OF THE WORD 'STABILITY' IN THIS CONTEXT

It seems to me necessary to take up this point at the very outset of our discussion in order to avoid any confusion between 'policy' and 'abstraction'. The word 'progress' does not raise the same difficulty. Sir Dennis's lecture, and the later ones, show that objectives of policy concentrate on the promotion of progress, while 'stability' is 'to be maintained'. To link progress and stability is clearly a problem of policy which belongs to the art of organizing real life.

On this particular point, I feel that the philosophy of the Caterpillar in Alice in Wonderland is a little defective, acceptable enough for the 'wonderland' of mathematical constructions, but hard to translate into historical reality; 'a country... ought to try to form an idea what size it wants to be — more precisely, at what rate, if any, it desires to see its national income growing, and what proportion of its current income it should save and invest in order to achieve the desired result'. Has not Sir Dennis taken a dangerous step in making the Caterpillar's reply his own, rather than supporting Alice's complaint?

Is it really possible to start with an a priori definition of the
Stability and Progress in the World Economy

objective as a desired rate of progress, which is the synthetic representation of a lasting combination of stability and progress? Can one take the existence of such a combination for granted and go on to study how the various contributory factors must submit to this overriding goal of the desired overall rate of progress?

Can one, moreover, assume a priori that any progress achieved at an unchanged overall rate (and unchanged for how long?) will necessarily be the best, except by pure definition of parameters, for avoiding serious accidents in the economy? Does such progress not rather represent a simplified picture of the current aspirations of the masses? Does it not imply its own contradictions, seeing that progress consists essentially in qualitative changes which underlie changes of dimension?

For my part, I am inclined to think that what is needed is a permanent watchdog policy to prevent the development of serious tensions, whatever their nature, in an historical evolution which encompasses numerous and diverse efforts to maximize the rate of progress. Such a policy should aim at reconciling this Schumpeterian form of economic activity with a concern for security and orderliness in economic life. Essentially, it takes different forms according to circumstances.

I believe that Sir Dennis would be fundamentally in agreement with me about the answer to give. The remainder of his lecture bears this out. It is simply because, at the outset, he found it difficult to disentangle himself from the ‘wonderland’ that I have looked for words to restate the case. The reconciliation of progress and stability, which cannot be summed up in any synthetic expression, comprises practically the whole of general economic policy. It raises the entire problem of economic fluctuations; how to achieve qualitative and quantitative development without serious setbacks. But the exact rate does not form part of the problem so defined.

This results from the fact that a policy for stability within growth is a general anti-cyclical policy. Giving free rein to the forces of expansion and qualitative change, it acts on the tensions and relaxations of the system to prevent expansion getting out of hand and leading to general depression. It is the function of policy to ensure that the social distribution in a changing society meets certain fundamental requirements, that it occurs and is directed in an orderly way in changing business conditions. It is a function which regulates the changes required by new economic equilibria but does not hold them back, for this could do nothing but harm.

It is consequently necessary to study the way in which an economy always tends towards equilibrium while labouring under creative