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EXPERIENCES OF LONG-TERM PLANNING IN SWEDEN

BY JAN WALLANDER, DR PHIL., THE SWEDISH INSTITUTE FOR INDUSTRIAL,
ECONOMIC AND SOCIAL RESEARCH, STOCKHOLM



The period covered by the long-term programme of 1950 has now come to an end.¹ This justifies perhaps our examining the question of how far the programme has accorded with the actual facts — all the more so as a new committee of experts has been set up and is now engaged in drafting a long-term programme for the period 1956—60.

However, before we contrast the reality with the programme we may be justified in asking what its object really was. Was it intended to produce a plan for utilizing the real resources during the next five-year period? A plan that was to be carried through with available funds by the Government, and which was also, therefore, to be the guiding principle of its economic policy? The answer to this question is neither Yes nor No but lies somewhere in between.

The members of the Committee were themselves at pains to emphasize that it might be “inexpedient and harmful to peg the economic policy at long range to too rigid and detailed a schedule for the real economic development. Rather, the idea has been primarily to indicate a general objective for their deliberations in conjunction with the yearly task of drawing up the budget . . .” (The Committee’s report p. 106). It was also emphasized that the possibilities to realize the programme must depend on the future economic and political situation.

The Government never adopted any definite attitude towards the programme, but the Minister of Finance confined himself to giving notice of its existence in the Budget for the financial year 1952. He states there that the programme is only

to be conceived of as a “general discussion on the principles to govern a long-term policy” and that it was intended “to serve as a guide to the future framing of economic policy, being weighed against other existing aims”.

In recent years there has been a distinct tendency to refer to the long-term programme when it has been a matter of giving reasons for the economic policy pursued. This is *i.a.* evident from several national budgets. In the autumn of 1955 the Minister of Finance further stated in his terms of reference to the new Long-term Planning Committee that “on the whole the economic policy in recent years has been consistent with the intentions of the Long-term Planning Committee, and it can now be claimed that the reality corresponds very closely to the estimates of the Committee”.

It would seem, then, that the answer to the above question is likely to be nearer Yes than No. The programme has really become an objective for the Government’s economic policy and it is believed to have successfully fulfilled its aims, though this is a conclusion that is by no means self-evident.

Programme and reality

The Committee’s long-term programme (in the following abbreviated LP) was based on the belief that production would probably show an average annual increase of 3 per cent. It was intended that the additional margin thus made available would be used in the first place to increase the investments. Further, a heavy rise in consumption in

¹ Swedish Government Official Investigation 1951: 30.



the public sector was considered to be inevitable. These objectives led to the conclusion that consumption in the private sector could only be permitted to increase on a very limited scale. Moreover, stress was laid on the need for "a rigid and active economic policy", so as to keep demand within the limits recommended by the Committee. Another highly essential target was to increase the foreign exchange reserve.

The following table gives in respect of the main items of the balance of resources the average annual increase during the period 1951—1955, a) according to the long-term programme and b) according to the figures now available.¹ In order to indicate the order of magnitude of the different items the position during the base year is also shown according to the Long-term Planning Committee.

	Mill. Kronor in 1950	Average annual increase during 1951—55 in %	
		Acc. to LP	Actual
Gross national product	31 500	3	2.6
Investments	8 610	4.5	4.9
Public consumption	3 370	5	5.6
Private consumption	19 580	1.2	2.2

The calculations in the table are based on the values converted into the prices current in 1950.

As the table shows, there are not inconsiderable divergences between programme and reality. Production has developed less favourably than the Committee had hoped. However, this has not had the result which the Committee had envisaged, namely, that under such circumstances the efforts to increase investments would have to be called off. Instead, they have increased by 4.9 per cent. as against an estimated 4.5. At the same time the consumption in the public sector rose beyond the scheduled figure. Under such circumstances one might have expected that the increase in private consumption would have been further reduced. In actual fact, however, as the table shows, the con-

sumption increased by almost twice as much as the programme foreshadowed.

It may well be asked how under these circumstances the equation works out. On all points the demand has manifestly increased more than the gross national product. One of the explanations is the fact that there has been no increase in the foreign exchange reserve. According to the Committee, efforts should have been made to increase the reserve so as to bring it up to a level corresponding to at least 4 months' imports. At present, however, it does not reach more than approximately 3 months' imports. This has provided scope for an increase in consumption or investment.

Nor has there prevailed during the period the stability of prices which the Committee had assumed. The domestic consumer price level rose by 32 per cent. between 1950 and 1955. Prices on the world market have also gone up sharply. In this case the increases have largely been to our advantage as the prices of our export products have risen more than the import prices. Thus, taking the period as a whole, the export prices went up 10 per cent. more than the prices of imported goods. In this way we have made very substantial profits. For the entire period an addition has been made to our national economy to the extent of Kr. 4,500 million at current prices.

Finally, it may be worth mentioning that, so far as can be judged, no increase of stocks has taken place during the period on the scale contemplated by the Committee. This fact still further enhances the possibilities of increasing consumption and investments.

Different persons may, of course, be expected to hold quite different opinions as to how far the programme and the reality may be said to be in accord. However, the view that the Long-term Committee's calculations have tallied "very closely" with the actual development seems to be decidedly far-fetched. At the same time, seeing that prices were subject to considerable changes during the period it is quite obviously difficult to make any comparison that can really claim to be fair. Naturally, the members of the Committee could not take such changes into consideration, so that it is impossible to tell how their programme would have looked if they had been able to foresee the

¹ The calculations serving as a basis for the table and figures quoted in the following pages are based on the national accounts published by the Institute of Economic Research and on certain additional data kindly placed at my disposal by the Institute. The particulars now available for 1955 are only preliminary. They will no doubt be subject to some adjustment, though it cannot change the trend of development for the five-year period as a whole. The calculations have been made by Göran Albinsson, of the Swedish Institute for Industrial, Economic and Social Research.



trend in that respect. On one point, however, they gave some hints, namely, when they discussed the possibility of an improvement in our terms of trade, considering that in that case an endeavour should be made still further to increase the foreign exchange reserve. This emphasizes the lack of agreement in regard to the foreign exchange reserve that exists between programme and reality.

The main stress in the long-term programme may be said to be laid on investments. It was considered to be the primary task of the Government's economic policy to endeavour to bring about an increase in that field and a detailed schedule was submitted showing how it was thought that this increase should be spread over the various types of investment. During the past years the economic policy has in fact been aimed primarily at influencing the size and the scope of the investments. It may therefore be worth while dwelling at some length upon the question of how matters have developed in this field.

The development of investments

As we saw from the above table, the investments had shown a steeper rise than the programme anticipated. In actual fact, however, it may be said that the deviation in this respect was wider between programme and reality than is apparent from the table. When the question of investments was dealt with in the Committee they were divided up into "repairs and maintenance" and "new and reinvestments". It was the latter group that interested the Committee most and for which a detailed scheme was drawn up. Repairs and maintenance, on the other hand, would, it was imagined, constitute a fixed proportion of the national product. Now, however, this proportion has decreased somewhat. The proportion of new investments has therefore undergone an even sharper rise than would appear from the table. According to the programme, between 1950 and 1955 their share, calculated in terms of unaltered prices, would increase from 18 to 20 per cent. of the national product, whereas, in actual fact, last year they represented nearly 22 per cent. of the gross national product.

How the Committee thought that the various

types of new investment would develop will be seen from the following table:

Investments sector	Base year 1950 mill. kr. ¹	Average yearly increase in 1951—1955 over 1950	Estimated investments in 1955 ²
Agriculture	438	0	435
Industry proper	1 524	0	1 525
Power & public light- supply works	433	35	500
Trade	92	50	175
Communications	730	125	935
Housing	1 304	280	1 815
Social welfare, schools, institu- tional establish- ments, etc.	380	200	710
Roads, streets, water & drainage	327	130	540
Defence	447	150	685
Total	5 675	970	7 320

When it comes to comparing the Committee's figures with the actual development we are at once confronted with the difficulty that the data now available regarding the size of the investments in 1950 — the base year for the forecast — are widely divergent from those on which the Committee based their estimates. This is clear from the following table, which gives the Committee's figures compared with the latest computations of the Institute of Economic Research, which are published in "Konjunkturläget hösten 1955" (The Economic Situation in the Autumn of 1955), Series A : 28.

Investments sector	Investments in 1950		
	LP's data	Data given in A:28	LP— A:28
Agriculture	438	411	+ 27
Industry proper	1 524	1 483	+ 41
Power & public light-supply works	433	394	+ 39
Trade	92	93	— 1
Communications	730	921	— 191
Housing	1 304	1 305	— 1
Social welfare, schools, in- stitutional establishments, etc.	380	384	— 4
Roads, streets, water & drainage	327	326	+ 1
Defence	447	391	+ 56
Total	5 675	5 708	— 33

¹ All the figures in the following table relate, where not otherwise stated, to million kronor and are calculated in terms of the prices in 1950.

² The figures in the last column of this table have been worked out on the basis of the information given by the Long-term Planning Committee as to how it was thought that the total new investments would develop during the individual years. In respect of the separate items, the estimates will therefore suffer from a certain amount of undependability. On this point see p. 77 of the Committee's Report.



As the above table shows, in actual fact even during the base year the investments in communications were nearly Kr. 200 mill. above what the Long-term Planning Committee had considered probable. Actually the level which the Committee thought would not be reached until five years later was already attained in 1950. The differences are smaller in the other items. The underestimation of the item Communications is offset by an overestimation of the investments in agriculture, industry, power and public light-supply works and defence.

The differences thus observable are due to the fact that the estimates of the size of the investments during any given year are gradually adjusted by the Institute of Economic Research according as better statistics become available and the methods of calculation are improved. If we follow in detail the estimates of the Institute of Economic Research year by year we find that considerable adjustments have been successively effected to the different items and that the same item may have been adjusted both upwards and downwards on the various occasions when the figures were revised.

The fact that there are two estimates of the size of the investments during the base year for the programme makes it difficult to form any definite idea as to how it has corresponded to the reality, since it cannot be said to be clear what the comparison is to be made with. We may put the problem like this: What would the Long-term Planning Committee's programme have looked like, had the Committee known where they stood when they drafted their programme? It is of course impossible to obtain an objective answer to this question. It should be added, however, that in regard to most items the difference between the various estimates of the investments during the base year is not so wide as actually to make a comparison more difficult.¹

¹ The problems discussed here are also of importance for drawing the comparisons between programme and reality that have previously been made in this article. In regard, however, to the total categories dealt with there the difference between the Long-term Planning Committee's data and the latest available estimate is relatively small, so that the question in that context is not one of very great significance. The figures given there showing the rising trend in the actual development are based on the latest available information about the situation during 1950.

Although, then, it cannot be said that there is any objectively correct way of making a comparison between programme and reality, it is nevertheless possible in various ways to gain a fairly good idea as to how far the programme has "kept in harmony".

In the first place we can take as a working hypothesis that the prime factor for the members of the Committee was the absolute amounts of investment which according to the programme they had imagined would be spread over the various investment sectors during the next five years. If we make a comparison on that basis, that is to say, study the difference between the actual development and the absolute figures indicated by the Committee for the different years, we get the following result.

Investments sector	Difference between actual development and LP total for the period 1951—1955
Agriculture	— 239
Industry proper	—1 035
Power & public light-supply works	+ 278
Trade	+ 89
Communications	+ 2 180
Housing	— 998
Social welfare, schools, institutional establishments, etc.	— 230
Roads, streets, water & drainage	+ 282
Defence	+ 48
Total	+ 375

If, then, we use this method of comparison we find that the total industrial investments during the period were about Kr. 1,000 mill. lower than the Committee had foreshadowed. At the same time the investments in "Communications" were approximately Kr. 2,000 mill. higher. Further, the investments in "Housing" and "Social Welfare, etc." turned out to be very much lower than the Committee had recommended. As will be seen from a comparison with the immediately preceding table, the difference between programme and reality in respect of the various investments sectors amounts to between half a year's and an entire year's investments. In regard to "Defence", however, the difference is very much less, whereas in "Communications" it is far greater. On the other hand, taking the Investments Sector in its entirety, the agreement is close if we reckon in absolute figures.



Now the objection may be raised against this method of comparison that the prime factor taken by the Committee was not the absolute amounts during different years but the increase that it was imagined would take place in the different cases. According to what has been said above, this increase in the case of "Communications", for instance, would amount to an average of Kr. 125 mill. per annum during the period. If we add this increase to the figure we have now got for the situation in 1950 and deduct it from the figure representing the actual investments, we obtain the following result.

Investments sector	The difference between the actual increase and the increase estimated in LP. Total for the years 1951—55
Agriculture	— 104
Industry proper	— 830
Power & public light-supply works	+ 473
Trade	+ 84
Communications	+ 1 225
Housing	— 1 003
Social welfare, schools, institutional establishments, etc.	— 250
Roads, streets, water & drainage	+ 287
Defence	+ 328
Total	+ 210

A comparison on these lines gives, on the whole, the same result as the preceding method. As far as "Communications" are concerned, however, the gap between programme and reality is reduced to just over Kr. 1,200 mill. On the other hand, for the groups "Power & public light-supply works" and "Defence", the gap widens appreciably.

There are, however, further possibilities of interpreting the long-term planners' intentions. For instance, it may be maintained that the main consideration was the relative increase in the various investment items. A comparison on those lines, then, would imply that from the Committee's figures were worked out the percentages for the annual increase which the Committee thought likely for the different investment items. Then, on the basis of these percentages and the information we now possess regarding the situation in 1950 a series would be worked out that could be compared with the actual development. If we make this calculation we find that in the great majority of cases the difference between programme and

reality is virtually the same as in the foregoing table. In the case of "Communications", however, the difference is reduced to just over Kr. 1,000 mill. Likewise in the case of "Power & public light-supply works" and "Defence" the difference is a good deal less than in the above table.

So that, however much we twist and turn the comparison about, we arrive at practically the same result.¹ We get a fair measure of agreement for the Investments sector as a whole, but in the individual items the deviation from the programme is striking. One of the main ideas in the programme was that the investments in housing and institutional establishments should be increased. Actually, they have increased only on a relatively insignificant scale. The investments in industry and agriculture have not been kept at the unchanged level intended by the Committee — in actual fact they have been considerably lower. The investments in trade, in power stations, roads and streets, in communications and in defence, on the other hand, have all exceeded the target set in the programme. The gap in the case of investments in communications is particularly wide.

There are, of course, many reasons why the measure of agreement has proved so poor. There has been a reluctance or else an inability to pursue an economic policy that would have led to the aims of the programme being more completely attained. To judge from certain statements that have been made, it seems also as if the experts have not always realized that the deviation from the programme has been so wide as has actually been the case. It would in this connection take too long to attempt to explain the reasons for the deviations that have arisen. As much can be said, however, that it would not seem to be correct to interpret the deviations as chiefly resulting from the unexpectedly rapid expansion of motorism. Thus, in the "Communications" item, motor-cars account for only slightly more than one-third and their share has shown rather a falling tendency during the period. The balance of this item is made up of investments in the postal and tele-

¹ It is also conceivable to make a comparison taking the different items' share in the gross national product as base. Even such a basis of comparison, however, gives the same general picture.



communication services, in railways, in air services and in ships, etc. The investments in the mercantile marine, in particular, seem to have increased steeply during the period. In conclusion, it may deserve being pointed out that a lack of agreement between programme and reality does not, of course, necessarily imply any criticism of the policy pursued. There may have been very sound reasons for a deviation from the programme.

Nevertheless, a comparison of the kind we have made above may justify some reflections on the function which a long-term programme should fulfil in economic policy and what demands it makes on the framing of policy. By way of conclusion, therefore, I propose to discuss these problems at some length.

Some views on the principle of long-term programmes

When one reads the long-term programme once more one is struck by the extent to which the issues raised in it and the general picture of the economic development that is reflected in it have dominated the discussion on the economic problems during the past five years and have been the cornerstone of economic policy. It has undoubtedly been extremely useful to have induced a few experts to sit down and ponder upon the development of our economy at somewhat longer range, as they have done. One may perhaps be permitted to say, however, that, regarding the matter from this angle, it would have been still more valuable if they had not confined themselves to considering one single alternative but had discussed in greater detail other alternative ways in which the economy might conceivably have developed.

That they did not do so is explained by the fact that their aim was something different, something more than merely to make a report on a series of seminar discussions on long-term economic problems — the object was to draw up a programme.

Indeed, it may be said to be the Government's duty to produce a programme. The interplay of economic factors being so involved, and it being so difficult to form any clear conception of the actual implications of the various measures of

economic policy, a programme is absolutely essential if there is really to be any possibility of carrying on an objective discussion on economic policy. There must be an official document in which the Government has explained in exact terms what is the real aim of the economic policy it is intended to pursue, a programme by which the various measures adopted can be gauged. This is a desideratum not merely in view of the public discussion on economic policy and in order that people may really gain some idea of what the objective is, but also because it cannot be rational to take steps from day to day to meet the situation of the moment. Government measures have far too widespread and long-range repercussions for such a method of procedure to have any justification. As has been said many times before it is also necessary for the planning work of companies to know about the economic policy the Government intends to pursue for some time ahead.

Against this background it may be stated that the handling of the 1951 long-term programme was not satisfactory. As will have been gathered from what has been said above, no definite attitude was ever adopted towards the proposals submitted by the Committee. The authorities expressed themselves, in general, well disposed towards its aims, and after that, insofar as the development was considered to be in line with the programme, they felt that the policy pursued was justified. Now, when the period has come to an end, it is declared that every effort had been made to follow the programme and that the outcome was in accord therewith.

It is quite understandable if a Minister of Finance is somewhat reluctant to bind himself to follow a long-range programme, as he runs the risk of playing into the hands of his political opponents. But even if this attitude is understandable it is scarcely one to be recommended.

I should perhaps add here that I do not mean, of course, that one should definitely bind oneself to follow a detailed programme. What may properly be said is that, "if our hopes of an increase in production are realized and *provided* nothing unforeseen occurs in the future, we intend to try to pursue a policy that will lead to approximately the following allocation of the country's real resources



during the next five years. Concerning some areas we can not and/or will not try to direct the developments. For these areas we have, however, made a prognosis."

For such a programme to be of any use at all it is necessary every now and then to see how it harmonizes with the actual development. Any marked divergences that may be observed must call for a discussion as to whether an attempt should be made to adjust the development to fit the programme or whether a revision of the actual objective which the programme represents would be justified. As we have seen above, we are here confronted with this difficulty: How are we to know whether and, if so, in what way the reality deviates from the programme? In the first place, this is difficult to decide because the actual basic material on which the calculations are made — the national accounts — is being constantly revised. In this connection the difficulties inherent in producing really reliable figures are so great that successive revisions on a not inconsiderable scale must be regarded as inevitable for a long time to come. Moreover, prices are fluctuating the whole time — and to a differing extent in respect of the different items of the balance of resources, so that they undergo changes that could not have been foreseen when the programme was being drawn up. Although actually there need be no reason to expect that the domestic price level would change as much during the coming five-year period as in the past five years, it nevertheless seems quite reasonable to assume that our terms of trade may be expected to change quite considerably. As I have indicated above, such fluctuations may have very violent repercussions.

In view of what has been said above it would be of great value if the Long-term Planning Committee now sitting would thoroughly analyse the problem what the aims of the long-term programme should be and against that background to discuss how such a programme should be aligned to the "administration" of economic policy. It is also important that the new programme is framed in such a way that it really is quite clear — even subsequently — what their intention has been, so that a comparison can be made with the actual development. On this point the programme of

1950 leaves much to be desired. Obviously, however, it will always be extremely difficult to determine how far the programme has been followed. This is particularly the case if prices have fluctuated strongly.

However, a comparison of the kind made in this article between programme and reality gives rise to problems other than those discussed here; questions concerned with the meaning and implications of calculations such as those which long-term programmes and national budgets represent. When occupied with these figures and comparative numbers one sometimes gets a feeling that one is wandering in an unreal stage landscape, that one is working with signs without any concrete and intelligible meaning.

This feeling is no doubt due in part to the great uncertainty attaching to the tasks here in question. The estimate of a certain item for a given year may very well be found, upon being revised a couple of years later, to have increased by several hundred millions, only to be reduced by a couple of hundred millions the next year, and then in the course of the following years to have to be further adjusted to the tune of fifty or so millions. This does not prevent the possibility of serious errors creeping into the calculations even after that. Long-term programmes and national budgets are woven of fragile threads.

Frequently, moreover, one feels quite confused upon realizing the somewhat specific significance of the total categories with which we are concerned here. To take a few examples: If in one year the felling in the forests is on a smaller scale than it was in a normal pre-war year (1938/39), this is booked as an increase in stocks, and vice versa. Thus, there will be a matter of changes in the "stocks" of standing timber. The changes in the item "Stocks" are often due to such variations in the quantity of timber cut. This is not, however, what is generally taken to be the meaning of increases and reductions in stocks.

If a person borrows 10,000 kronor from a bank and builds himself a small house, the item is booked as an investment in the national account. If he uses the same amount for buying a car it is entered under the item "Private consumption". However, if that same car is bought by a com-



mercial traveller, who uses it mostly for business purposes, the expenditure is accounted for under "Investment". It may perhaps not be self-evident to everyone that precisely this meaning should be attached to the terms investment and consumption.

A good deal has been said in this article about the increase in the item "Communications". Relatively few people realize, however, that for technical reasons concerned with estimates this item includes investments in cars effected in the course of trade. On the other hand, the investments in cars of industrial companies are accounted for under the heading "Industry". Owing to difficulties to obtain reliable figures it is also a fact that a number of not inconsiderable items are not at all accounted for in the national accounts.

All this and much else besides may be discovered if one carefully scrutinizes the national accounts and the comments on them to be read in various places in the publications of the Institute of Economic Research. But how many of those who make use of these terms, who form an opinion on the basis of them and who make decisions in the light of them — how many of these people go to the sources, and how many study them carefully?

The advisability of the arrangement and demarcation of the national accounts is itself, of course, disputable. This is, however, not the essential thing in this connection, but by the examples given above I have first and foremost wished to make clear how extremely difficult it is and presumably will be for a long time to come to form any concrete and intelligible idea of the reality that lies behind the various data.¹

When one discusses the aim of a long-term programme the discussion is largely based on ideas one has as to what value the citizens place on different things and what changes they are most interested in. In regard to the 1950 programme the points that particularly came into the fore-

ground of discussion were whether it was reasonable, and whether people really would resign themselves to so severe a reduction in the rate of increase in consumption as the Committee recommended. According to the programme the increase was to be decelerated from the "three per cent. per inhabitant per annum" that was being recorded at the end of the forties to one and a half per cent. for the subsequent period. In passing, it may be worth mentioning that, according to statistics now available, the increase towards the end of the '40s was substantially less than what was believed at the time, that is to say, the slowing-down of the increase was "in reality" not so pronounced.

When the Committee's report states that the proposed deceleration should not "seem too severe", there lies behind such a thought an idea that people have been used to or have expected a higher rate of increase and were now to be induced to accept a lower rate. This may possibly be a realistic argument for such persons as had during the immediately preceding years actually experienced a 3 per cent. rise in consumption per annum and who may have reason to expect that it will go on in the same way in the future. Very large groups of the population do not look at it like that. Maybe they belong to the salaried occupations, in which it is normal to have a very rapid increase during certain periods and none at all during others. Other people start to work during the period, and thereupon enjoy a considerable non-recurrent improvement in their standard of living, but after that they may perhaps expect no further change for some time. Non-recurrent improvements of this kind in the standard of living do in fact arise when people abandon agriculture for industry and when they move from one part of the country to another. Similarly, other large groups look forward to a lowering of the standard of consumption as being something normal in conjunction with their growing old or approaching pension age. Behind the changes in total consumption, then, there is a conglomerate of diverse substantial changes both upwards and downwards, different people's degree of satisfaction with the way things develop probably depending mostly on what they regard as normal

¹ In order not to be misunderstood on this point I want to stress that the problems touched upon above have received great attention from those who are responsible for the national accounts in this country, e. g. Mr. Ingvar Ohlsson in his doctoral dissertation. It is true, however, that one encounters great difficulties owing to shortcomings in the statistical material. One is also confronted by the dilemma that it is so difficult to find terms suitable to all the situations in which the national accounts are used.



for the points in the life cycle through which they pass during the period. In this they perhaps pay more attention to nominal wages than to what is the main point we are considering here — real wages less taxes and savings. Indeed, during wage negotiations evidence is frequently forthcoming that what matters most is what the development looks like in the eyes of those groups with which the person concerned compares himself.

One might go on in this way speculating over the reasons why people consider the development of their consumption during a given period to be more or less acceptable. It would not be surprising if one came to the ultimate conclusion that in actual fact the combined "pressure of discontent" has very little to do with the question of whether

the total real consumption is allowed to rise by one, two or three per cent per annum or not at all, but instead to a great extent depends on structural and institutional changes and phenomena on the psychological plane. However, we know very little about all this.

Reflections of this kind — and similar ones can be made on other items in the balance of resources — require a greater measure of knowledge of the concrete signification of the total categories we treat in such an everyday way in public discussion on economic policy. However, it is not merely a question of discovering the truth but of finding a truth that can be made use of; a picture of reality fashioned in such a way as to be serviceable in practical politics.