

Comment

KNUD ERIK SVENDSEN:

There is a serious omission in the paper by Niels Thygesen, as there is no consideration of the role of the profit-wage-relationship in the present crisis. It is far from satisfactory to conduct reasoning on the business cycle in terms of the changes in the oil price or in terms of various changes in the components of effective demand. One has to take into account that most of the capitalist countries *before* the short boom in 1973, which gave the inflation an extra push, and *before* the recession in 1974, had difficulties in securing sufficient profits to stimulate and finance business investments.

The discussions about income policy and in some countries about new forms of collective savings (fonds) have their origin in these problems. Income policies are, however, difficult to apply in times of high employment.

Many signs show, that the high priority presently attached to the fight against inflation as compared to the efforts to increase employment, really is nothing more than proof, that several capitalist countries think it possible to change their past full employment strategy. By this I mean, that the fear of undesirable effects of high unemployment has been considerably reduced, so that the states have more leeway in accepting a more permanent unemployment as the basis for a redistribution from wages to profits. This feeling of a greater freedom of manouver is not only based on political assessments, but also on the fact that the states now think that they have a greater degree of control over economic development so that they may prevent an escalation of the crisis, that they are able to aim at that level of unem-

ployment which is optimal for the wage-profit-relationship.

The question of a sufficiently expansive policy is in light of this not a question of achieving closer international coordination or ensuring internal political backing of such an expansive policy. It is rather a question of a lack of interest in such an expansive policy, sometimes presented in form of warnings against repeating the errors of the past which were overexpansion with high rates of inflation as the consequence.

Economic prospects and interrelations in the Atlantic area

Sidney L. Jones:

The eminent English philosopher, Thomas Carlyle, once observed that: "No man lives without jostling and being jostled; in all ways he has to elbow himself through the world, giving and receiving offense." This description can also be applied to international economic relations. The most significant contribution the United States can make is to stabilize its domestic economy to avoid disrupting the integrated progress of the world economy. Similarly, our domestic economy will be increasingly affected by external developments.

I. *Framework of Atlantic Community Economic Relations.* The international economic goals of the United States can be summarized as follows: (1) maintain sound domestic economic policies; (2) continue