

UNIVERSITY OF FLORIDA
GAINESVILLE

COLLEGE OF BUSINESS ADMINISTRATION

June 19, 1946.

Sr. German Bernacer, Director,
Servicio de Estudios,
Banco de Espana,
Madrid.

Dear friend and esteemed colleague,

I am pleased to receive your letter of June 4, and I am glad to know that the copy of my little book finally reached you safely. I have read with interest your comments and remarks based on your preliminary study of this work. I shall be very pleased indeed if you eventually give some comment to the book in one of your articles or books. *I shall do as much for you should the opportunity arise.*

The question you raise about the multiplier m is similar to questions raised by other critics of my theory, and one which I tried to anticipate in my discussion in section iv of chapter one, wherein I said, "The foregoing theory of wages does not imply a labor cost theory of values, because the terms W_x are not items of labor expense but items of expenditure for labor and the basic equation to which you refer in paragraph 3 of your letter relates the rate of expenditure (dollars per interval of time) for goods at any moment to the rate of expenditure for wages (dollars per interval of time), showing that this ratio is a weighted average of the number of stages of production. I think your trouble is partly dimensional, in that you seek to go behind the dollars spent for wages to utility, and you see this must be expressed as a rate of flow of utility, while the goods have a store of utility. However, this dimensional difficulty does not formally enter into my argument, since the coefficient m is a pure number and both the other variables are in units of dollars per interval of time.

The other part of what I conceive your difficulty to be is the question of where the value contributed to goods value by capital comes in if x I state the total sales value of goods in terms of wages ^{only} and a pure number. This difficulty I have tried to remove by the equation (30) on page 16, where I show that the sales value of goods can be written ~~by~~ as a function of the wages expense and my multiplier plus the rate of profit, the latter being the contribution to values by capital. *(I try to show what this contribution consists of in chap VIII)*

You are quite right in saying that my working concepts are different from the ones most commonly encountered, and I appreciate your patience in trying to reconcile my views with those of yourself.

With kind regards and best wishes I am,

Cordially and sincerely yours,

Montgomery D. Anderson