

Trinity College
Cambridge

May 16, 1942.

Dear Señor Bernauer,

I am afraid you must think me the most ungrateful person in the world!

I put off answering your letter of Feb 3 till I should find energy at the same time to answer your more difficult letter of Oct 29, - with the result that both have remained unanswered until today! Please forgive me; and let me begin by saying with what pleasure I received the copies of the Spanish translation of my book. It is a very pleasant book to look at and to handle (a much nicer book than the new English reprint). I am very grateful to you for all the trouble you have taken over it and for your kind words in the preface. And I hope you will express my sincere thanks to Señor Aguilar for having produced such a satisfactory book and to your colleague Señor José Fuentes Ruiz for his great labour of translation, which I know you have shared. For I realise that I am not an easy writer to translate, and must often have tried the patience of both of you severely!

Now a word about your own book. I am glad to see a review of it in the American Economic Review, and I am told there is also one, which I shall make a point of reading quickly, in the Review of Economic Statistics. I am calling Hayek's attention to the fact that it has not even been entered among 'books received' in Economics. I have not read it yet: but when I have got through a number of tasks which are still hanging over me, I have every intention of settling down with a dictionary and working through it.

Now for your letter of October. I agree that if you exclude profits (that is "windfall" profits) from the income of the period, that ~~does~~ solves the difficulty for that period. But does it not set you into difficulty with your equations in the next period, which I will call Period 2? For in Period 2 you have to enter the profits made by "enterprises" in ~~Period~~ Period 1, and transferred to "homes" in period 2, as "income"; so that the "income" of Period 2 ceases to correspond to the value (or cost to the owner) of the output of Period 2 (the equation (i) in your original article, $P=R$, fails).

It seems to me that to escape this difficulty one must adopt one of two courses. Either (1) one must exclude profits from income altogether, as Keynes did in *The Treatise on Money*, - which gives you a very paradoxical definition of income. Or (2) one must be prepared to use the word income in ~~two~~ different senses, and distinguish explicitly, as I did, between the income received⁺ in a period ~~the income of the period~~ and the income falling to be disposed of in a period. I applied this distinction to all income, - you in effect, I think, are proposing to apply it to profits alone.

However perhaps I shall become clearer about your treatment when I have carefully read your MS, and especially the passage in which you comment on the criticism I ventured to make on your original treatment.

Meanwhile please accept once more my sincere thanks for your trouble on my behalf, and my sincere apologies for having taken such a long time to express my gratitude.

Yours very truly

Dennis Robertson.

+ Or perhaps better "accruing".