Trinity College
Cambridge
21. 6. 52.

Dear Professor Bernácer,

Thank you for your letter of May 21; and also for the German offprint which I have just received. I am afraid that my German is almost as weak as my Spanish, so I have not yet tackled the latter!

But I think I am in complete agreement with your letter, - at any rate with its main argument. One must certainly distinguish between "designed" investment and "involuntary investment" or the unintended piling-up of unsold stocks.

I would say that one must distinguish also between "designed" saving and "unintended" saving, i.e. an increase in the money balances of producers which is the result of purchasers spending more than their current income.

Similarly, of course, one must distinguish between designed and undesigned disinvestment, and between designed and undesigned dissaving.

I think all this is much better recognised than it was some years ago, though different writers still express what are fundamentally the same ideas in different terms.

But to do Keynes's theories justice one must recognise that he had also another point which he wanted to make with his concept of 'liquidity preference', namely that, besides altering the flow of money which they direct on to current production, consumers (and entrepreneurs) may wish to alter, as between money and securities, the form in which they hold their existing capital wealth. But that is too long a story for a letter!

With all good wishes,

Yours sincerely

D. H. Robertson